45

Austria ... Sch 18	Indonesia .. Rp 2750	Portugal ... Esc 80
Bahrain .. Din 0.650	Italy ...... L 1300	S. Arabia .. Rls 6.00
Belgium ... BFr 38	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain .... Pta 110
Cyprus ... C£0.60	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr 7.25	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr 38	Switzerland SFr 2.20
Finland .. Fmk 6.00	Malaysia .. Rm 4.25	Taiwan ... NT $85
France .. FFr 6.00	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 275
Greece ..... Dr 70	Netherlands . Fl 2.50	U.A.E. .... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,606 Tuesday April 23 1985 D 8523 B

Colombia's Betancur: Latin American Mr Fixit, Page 15

World news

Greek election set for June 2

Greece is to hold general elections on June 2, after Christos Sartzetakis, the country's President, approved the Socialist Government's request for early polls.

The Socialists, whose four-year term ends next October applied to go to the polls early in the wake of a conservative opposition challenge after controversial parliamentary elections which brought Mr Sartzetakis to office last month.

Andreas Papandreou, the Prime Minister, and Constantine Misotakis, conservative leader, will launch their campaigns next Saturday. Page 16

Reagan policy talks

U.S. President Ronald Reagan and top White House officials met Republican and Democratic congressmen in a last-minute bid to avoid a politically damaging defeat on Central American policy. Page 4

Security role

Foreign and defence ministers from Western Europe confirmed their desire for a more co-ordinated European role in defence and security. Page 16

Appeals rejected

Poland's supreme court rejected appeals by four security police officers convicted in the murder of pro-Solidarity priest Father Jerzy Popieluszko.

Sudan Cabinet

Sudan's military leader appointed a 15-man interim Cabinet led by al-Gazouli Dafaa-Allah. Samuel Aru Bol, from the troubled southern region, is deputy premier. Earlier story, Page 4.

Israelis foil landing

Israel said its navy foiled a PLO attempt to land a force, sinking a ship carrying 28 guerrillas. Eight were captured, the rest presumed drowned. Page 4

Defence poll

A total of 78 per cent of Japanese want defence spending kept below the current ceiling of 1 per cent of gross national product, according to a poll in the national daily Mainichi Shimbun.

Landmine kills 28

Twenty-four captured Tamil separatists and four soldiers were killed when a landmine blew up their vehicle in Sri Lanka's Northern Province.

Sidon ceasefire

At least one person was killed and more than 30 injured in shelling in Sidon before Christian and Moslem forces began observing a ceasefire.

Army takes control

Indian army took over the city of Ahmadabad after a policeman was killed during protests against government jobs and college places being reserved for minorities.

Siemens bombing

A bomb exploded at the Düsseldorf offices of the Siemen's electronics group, causing damage but no casualties.

Airport dispute

Flights from Amsterdam's Schiphol airport returned to normal after six days of delays because of unofficial action by air traffic controllers over pay.

Villa explosion

An explosion wrecked a villa belonging to Elda Pucci, former mayor of Palermo, Sicily, and campaigner against organised crime. No one was hurt.

Business summary

CBS to sue over Turner's $3bn bid

CBS, U.S. broadcasting group, rejected the $3bn takeover offer by Turner Broadcasting and described it as "grossly inadequate and detrimental" to the interests of its shareholders. CBS also said it was suing Turner, alleging misstatements and omissions in the takeover registration. Earlier story, Page 17

WALL STREET: at 2pm the Dow Jones industrial average was down 2.87 at 1,263.69. Section IV

DOLLAR was firmer in London, rising to DM 3.011 (DM 2.973), FFr 9.195 (FFr 9.08), SwFr 2.4935 (SwFr 2.4705) and Y248.55 (Y247.1). On Bank of England figures the dollar's index rose to 143.3 from 142.7. Page 39

STERLING lost ground to the stronger dollar, falling 1.65 cents to $1.2775. It also declined to SwFr 3.185 (SwFr 3.195) and Y317.5 (Y319.75) but rose to DM 3.8475 (DM 3.845) and FFr 11.77 (FFr 11.7575). The pound's exchange rate index fell 0.2 to 79.3. Page 39

GOLD rose $1.25 on the London bullion market to $328.50. It was also higher in Zurich at $328.50. Page 38

TOKYO: Shares lost ground in the thinnest trading of the year with the Nikkei-Dow market average down 52.15 to 12,179.92. Section IV.

LONDON: Equities eased as institutions stayed on the sidelines. The FT Ordinary index closed at the day's low of 971.6, a fall of 7.2. Gilts were firm. Section IV

FRANKFURT hit a new high with a 7.1 rally in the Commerzbank index to 1,230.1. Section IV.

JAPAN'S big four securities houses achieved solid profit advances for the half-year to the end of March, a period which brought a steady climb by share prices to record levels. Page 29

CANADIAN bank regulators intervened to limit the participation of Bank of British Columbia, Vancouver-based bank, in Mr T. Boone Pickens's takeover bid for Unocal of San Francisco. Page 17

ITALY registered a record balance of payments deficit of L3,140bn ($1.66bn) in March, bringing the deficit for the 1985 first quarter to L4,562bn.

SWISS GOVERNMENT says it is willing to negotiate a double taxation agreement with France, after the Swiss parliament's rejection of a revised tax agreement.

A NEVADA judge ordered Crown Zellerbach, the U.S. forest products group, to postpone its May 9 annual meeting for two weeks in a move that could help Sir James Goldsmith, the British financier, to press his hostile bid for the company.

KAUFHOF, West Germany's largest retailer, reported parent company net profits of DM 52.5m ($17.84) last year against DM 49.5M in 1983. After transferring DM 9.6m to reserves, the company is cutting its dividend to DM 6.50 a share from DM 7.50. Page 18

VALEO, troubled French motor components group, completed negotiations with a group of financial institutions and shareholders for an urgently needed FFr 250m ($27.4m) capital increase. Page 16

MOULINEX, French kitchen equipment manufacturer, announced a 11 per cent fall in net profits last year to FFr 61m ($6.68m). The company is to cede a 20 per cent stake in its capital to Scovill of the U.S. as part of a commercial agreement to boost sales in the U.S. Page 18

OLIVETTI, Italian data processing equipment maker, lifted group profits 20.8 per cent last year to a record L356bn ($186m). Page 17

MONSANTO, fourth largest U.S. chemicals group, blamed the strong U.S. dollar for a sharp 50 per cent decline in first-quarter earnings to $87m. Page 17

WE REGRET prices from the New York and American stock exchanges were not available for this edition due to a processing failure in Frankfurt.

Gorbachev may meet Reagan during UN visit

BY PATRICK COCKBURN IN MOSCOW

MR MIKHAIL GORBACHEV, the Soviet leader, is to attend the next UN General Assembly meeting in New York in September. This brings a step closer the possibility of an autumn summit meeting between Mr Gorbachev and President Ronald Reagan of the U.S.

Mr Gorbachev's decision to go to the UN will be seen as confirmation of the new leader's powers of initiative in foreign policy. Earlier this month he announced that the Soviet Union was freezing until November the further deployment of its medium range nuclear missiles in Europe.

Mr Gorbachev's presence at the UN General Assembly will provide a convenient opportunity for a "get acquainted" meeting with President Reagan. Washington has sent out conflicting signals over the past few weeks as to whether the first meeting between the two leaders would be an informal one or whether it would need to be a fully prepared summit.

For the moment Moscow appears equally uncertain. The news that Mr Gorbachev would go to the UN was given in an interview to Reuter by Mr Victor Afanasiyev, the editor of Pravda, the Soviet daily. "I know for certain that Mr Gorbachev will go to the General Assembly session," he said yesterday.

He added that if a meeting with President Reagan were to take place it would have to be well prepared. "Some agreements should be signed. Compromises can be worked out. It's nonsense to talk about just meeting," he said.

In Washington, Mr Larry Speakes, President Reagan's spokesman, said that the White House was aware of the report but that the U.S. had "heard nothing through official channels" and therefore had no comment.

The ground rules for any summit will almost certainly now be discussed by Mr George Shultz, the U.S. Secretary of State, and Mr Andrei Gromyko, the Soviet Foreign Minister, when they meet in Vienna on May 14 at the 30th anniversary celebrations of the signing of the Austrian state treaty.

The prospect of a summit could have a marked impact on the progress of the Soviet-American arms reduction talks. The first round of negotiations will close today without any indication of progress in the face of the Soviet insistence that the U.S. should end its research into a space-based nuclear defence system, the Strategic Defence Initiative.

Mr Afanasiyev also disclosed that the 27th Congress of the Soviet Communist Party, the crucial meeting which selects a new central committee of the party every five years, will take place in 1986 and not this year, as previously expected. The Congress also approves the next Soviet five-year economic plan.

Mr Gorbachev is to make an important speech today outlining the main themes of his foreign and domestic policy to the 300 members of the party's central committee, which in effect rules the Soviet Union.

In economic planning, the editor of Pravda, who is close to Mr Gorbachev, said that present reforms would "not mean that central planning will be eliminated but it will mean more autonomy for individual enterprises and less paperwork."

New members of the Politboro, which has at present only 10 members, may also be named today, when the central committee meets.

Arms talks round ends, Page 2

Pan Am sells United its Pacific routes

BY TERRY DODSWORTH IN NEW YORK

PAN AMERICAN, the struggling U.S. airline, surprised Wall Street yesterday with the sale of virtually all of its Pacific operations to United Airlines for $750m.

The move to prop up Pan Am's shaky finances, drained in the last few months by a series of strikes, will at the same time turn United into a significant force in the international airline market.

Until now, United has had only a limited presence overseas, despite its formidable size in the U.S., where it towers above the rest of the industry with earnings of $259m last year on revenues of $5.2bn.

Wall Street's initial reaction in early trading was to view the rationalisation favourably for both airlines. Shares in United jumped $⅝ on the news to $42½, while Pan Am's moved up by $¼ to $5⅝.

Under the terms of the deal, Pan Am is selling all its loss-making Pacific division to United, with the exception of its Hawaii connection.

The sale of 18 aircraft includes 11 of Pan Am's 38 long-range Boeing 747.; along with parts, property and facilities in the centres where Pan Am operates. United will also be taking on 2,700 existing staff "to continue to operate the business."

The agreement will give United a fully-fledged operation in the Pacific, which analysts estimate at a little less than half of the total traffic in the region. With the addition of United's own limited Pacific network, which is confined at present to Seattle to Hong Kong and Tokyo flights, the company should emerge with more than 50 per cent of the Pacific market.

Pan Am's flights serve a wide variety of destinations, including Japan, China, Australia, New Zealand, Hong Kong, Singapore, Taiwan, Korea, Thailand and the Philippines. Its main competitors are the national airlines, particularly Japan Airlines, which flies to a number of destinations in the U.S., and Northwest Airlines, the Minneapolis-based carrier.

Pan Am which has only recently concluded cost-cutting labour agreements with its unions, said yesterday that the "Principal purpose" of the agreement was to strengthen the group financially and operationally. It said the cash payment would help to modernise its fleet – a reference to last year's agreement to acquire 28 Airbus A310s and A320s, with options on another 47 aircraft.

In addition, the agreement would allow a more efficient use of resources, enabling it to concentrate on "a strong United States flag role in Europe, Africa, the Middle East, the Indian subcontinent, the Caribbean and south America."

Continued on Page 16

Markets, Section IV

Neves's successor asks for national support

By Andrew Whitley in Rio de Janeiro

SR JOSÉ SARNEY, the Brazilian Vice-President, yesterday formally took over the reins of power after the death on Sunday night of President-elect Tancredo Neves.

In an emotional television address to the nation, President Sarney pledged to keep alive the legacy of a man who had been hailed by Brazilians as their guarantor of a better future. He promised "a government of concord, work, morality and austerity; implacable against corruption."

The new President, a noted poet and former political ally of the military which handed over to the civilian Democratic Alliance last month, appealed for national support during the expected difficult months ahead. "I need to be helped by everybody, and I ask for help from everyone," he said.

Sr Sarney, 54, assumed the presidency automatically under the constitution, after a formal declaration yesterday morning by a joint session of the two Houses of Congress that the President-elect's death had created a vacancy.

Sr Neves, 75, was admitted to hospital on March 14 on the eve of his planned inauguration. In his absence, Sr Sarney was formally sworn in as Vice-President to become the country's temporary head of state.

Although long expected, Sr Neves's death shocked a nation that had been hoping against hope for his recovery. Yesterday was declared an official holiday, the first of eight days of mourning.

For 38 days, business life and the government machine had been almost at a standstill as Brazilians anxiously watched the progress of their President-elect's fight against an abdominal infection which gradually weakened all his other vital organs.

President Sarney is now entitled to serve out the remainder of the six-year presidential term which expires in March 1991. In practice, however, he is likely to shorten his mandate, bringing forward direct elections for his successor to 1987 or 1988.

The Cabinet selected by Sr Neves is expected to resign shortly, leaving Sr Sarney free to choose his own ministers. This would overcome the problems created by the fact that many members of the Government were chosen on the basis of their personal or political loyalty to Sr Neves.

Continued on Page 16

Background, Page 4; Editorial comment, Page 14

Delors to press Reagan on monetary reform

BY QUENTIN PEEL IN BRUSSELS

M JACQUES Delors, the president of the European Commission, will today impress on President Ronald Reagan and his top officials the need to proceed with talks on international monetary reform, in parallel with any new round of discussions on trade liberalisation within the General Agreement on Tariffs and Trade (Gatt).

At the same time he will lend his support to a concerted European effort to step up economic growth, in response to any U.S. move to cut its federal budget deficit and maintain the downward pressure on U.S. interest rates.

M Delors, the head of the European Community bureaucracy in Brussels, will be meeting President Reagan himself in Washington today on his first official visit to the U.S. since taking office in January.

He will also be holding talks in the next two days with Mr Jim Baker, the Treasury Secretary; Mr George Shultz, the Secretary of State; Mr Paul Volcker, chairman of the Federal Reserve Board; and members of the Senate finance committee.

As former French Finance Minister M Delors holds strong views on the need for international monetary reform and the linkage between U.S. domestic economic policy and the rest of the world economy.

In seeking the link between trade talks and monetary reform his position is closer to that of the French Government than to thinking in Bonn and London. He has a formal mandate from the EEC Council of Ministers, however, to seek "Results in the monetary and financial areas in parallel with results in the trade field," as part of the Community's qualified support for a new Gatt round.

M Delors has also welcomed the suggestion by Mr Baker that some form of high-level monetary talks should be held, while he questions whether Washington is serious about making such talks focus on the real problems of fluctuating exchange rates and the role of the dollar in particular.

Although there is no formal agenda for his meetings M Delors is certain to press his views at the highest level having been excluded from last week's meetings of the International Monetary Fund interim committee, and the development committee of the World Bank.

He said before leaving Brussels: "The circumstances are good for a trade-off between the U.S. and Europe." He believes that both Europe and Japan must respond to U.S. pressure to stimulate growth in the world economy, provided the U.S. in return reduces its budget deficit and its level of interest rates.

Top-level Commission officials suggest that the monetary talks be held at the September meeting of the IMF interim committee, at a special session devoted to all questions of monetary reform, including increased IMF "surveillance" of exchange rates.

M Delors is likely to be greeted with some caution in Washington for he has been outspoken in his criticism of U.S. economic policy in recent months, attacking the double standards applied by the Administration to its own economy and to the rest of the world.

He is also, however, an admirer of the success of the U.S. economy in generating jobs while moving rapidly into the fields of advanced technology. He will be spending two days after his Washington talks in California to visit both industrial companies and universities

Tokyo 'must deliver trade commitments'

BY CHRISTIAN TYLER, TRADE EDITOR, IN LONDON

NEXT WEEK's Western economic summit in Bonn would be greatly helped if Tokyo were to give details of its plans for further opening the Japanese domestic market, Mr Norman Tebbit, Britain's Trade and Industry Secretary, said yesterday.

Mr Tebbit, who was in Tokyo last week, said in London that Mr Yasuhiro Nakasone, the Japanese Prime Minister, had told him he hoped to "bring forward concrete measures" following his statement on market access earlier this month.

He called on Japan to remove its non-tariff barriers and to liberalise its financial markets.

"Most important of all in the long run, the Japanese could further internationalise the yen in order to ensure it reflects more accurately the underlying strength of the Japanese economy," Mr Tebbit said.

By announcing detailed measures before the Bonn summit, Japan could deflect the criticism it otherwise faced from the U.S. and the European nations with whom it was running very large trade surpluses, Mr Tebbit said.

The seven heads of state are expected to come out clearly next week in favour of embarking on a new round of global trade negotiations. This follows a compromise communiqué reached at the weekend with developing country delegates to last week's World Bank and International Monetary Fund meetings in Washington.

Although Japan is a principal promoter of such talks, the U.S. and EEC have intensified pressure on Tokyo in recent weeks to prove that Japan is genuinely ready to become an open and reciprocally trading economy.

Continued on Page 16

Nissan's one-union pact in UK rules out strikes during talks

FINANCIAL TIMES REPORTER

NISSAN, the Japanese car group, announced yesterday that the AUEW, Britain's engineering union, would have sole negotiating rights at its new UK assembly plant.

All workers will be represented by the one union, although the company and the union deny it was a "no-strike agreement." Any disputes will be settled "in house" or by conciliation or arbitration, with industrial action ruled out during negotiations.

Mr Peter Wickens, Nissan's UK director of personnel, said: "Our view is that there is no such thing as a no-strike agreement."

Nissan said it had chosen the AUEW as the union its employees would probably join, although membership would not be compulsory.

The agreement with the AUEW also includes features unique in the British motor industry:

- No employee will have to "clock on," and the absolute minimum of job titles will be used.
- All employees will be salaried, rather than on an hourly wage, with their pay going monthly into their bank accounts, rather than being paid in cash each week.
- Representatives of all employees will sit on a company council with management as the main consultative and negotiating body.

Mr Joseph Cellini, divisional organiser of the AUEW, said: "We think that the agreement is right." He added: "We would not be party to a no-strike agreement."

Nissan's £50m ($65m) plant, now under construction in Washington, north east England, will provide up to 500 jobs from next year

The company will boost the workforce to almost 3,000 if it decides to expand the plant

Mr Wickens said: "We believed that, if we had more than one trade union, then sooner or later the old divisions would begin to arise and our common employment package and flexibility would begin to erode.

"We will have no detailed job descriptions and no multiplicity of grades. All of these traditional systems are restrictive and reduce flexibility.

CONTENTS

Brussels hardens subsidies stance to bolster industry

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission is stepping up its pressure against the use of subsidies by EEC governments to bolster industry in the public and private sectors.

A stringent attitude towards state aid has immediate implications for British government plans for a £2bn ($2.5bn) subsidy to cover National Coal Board losses over 1986-87.

That renewed emphasis on resisting state aid in the application of the competition laws was made clear yesterday by Mr Peter Sutherland, the competition commissioner, when he introduced his annual report on activities in the sector.

"The Commission has set its face against state aids and will continue to do so," he said. The Commission has considerable independent powers in policing the competition laws.

Coal is among the industries permitted a conditional exemption from the normal competition laws, which forbid the use of state subsidies, but the scheme covering it runs out at the end of the year.

Commission officials are working on proposals setting out the conditions under which subsidies would be permissible after that date. The present system dates back to the period of the energy crisis when it seemed important to succour the EEC coal industry.

"Our new proposals will place far more emphasis on the need to achieve viability in the coal industry," said Mr Sutherland. "And of course we must be concerned about the volume of state aid."

Any proposal by the Commission will have to be approved by the Council of Ministers, simply because the industry is an exception to the general rules on competition.

The British Government will be anxious to see that whatever document turns up in the council reflects not only the general policy of returning to the principles of free enterprise enshrined in the Treaty of Rome but also the particular need of an industry ravaged by a year-long strike.

The Commission's approach is broadly to put coal on the same footing as other exceptional industries such as shipbuilding, steel and textiles, where subsidies are permitted when they are linked to rationalisation.

In its attempts to push subsidies out of the economic system, however, the Commission is facing contrary pressure from the Ten. The annual report noted that the number of subsidy schemes put forward by the Ten for approval and turned down was 12 times more in 1981-84 than in 1977-80.

Member nations are not always meeting their legal obligations to inform the Commission of subsidy plans, either. Some are refusing to provide information

Norway offshore protest

BY FAY GJESTER IN OSLO

TWO OF Norway's foremost experts in diving medicine have resigned from the Norwegian Underwater Technology Centre (Nutec) in protest at oil company plans to use divers for construction work at "unacceptably" great depths—to 300 metres and more.

Several unexploited fields lie in deep water and working dives at these depths could be necessary to instal and maintain production equipment.

Dr Stein Tonjum and his assistant, physiologist Arvid Paasche, claim that their repeated warnings about the health risks have been ignored by Nutec, by the oil companies which own it, and by the Norwegian authorities.

● A 55 km tunnel system from the Norwegian coast to the deep water East Troll oil and gas field is technically feasible, and would take eight years to build at a cost around NKr 6.5bn (£580m)—less than a large oil platform. It would permit installation production equipment under the seabed from which oil and gas could be piped.

WEST GERMAN MINISTER FLIES IN FACE OF TRADITIONAL METHODS

Bluem shakes up the labour market

BY JOHN DAVIES IN FRANKFURT

A SHORT, round-faced figure with rimless spectacles, Herr Norbert Bluem is irrepressible in his efforts to shake up West Germany's tradition-bound labour market.

His latest proposals as Labour Minister are bearing fruit in a law aimed reducing unemployment by making it easier for businesses to take on temporory workers.

Once again, he has annoyed some of the more militant and traditionally-minded union leaders—an ability he has demonstrated repeatedly with both skill and pleasure.

Behind his latest initiative is a growing concern in Bonn that further steps need to be taken to ease unemployment, currently about 2.47m or 10 per cent of the workforce. The Government is onxious to make as much impact as possible by oiling the workings of the labour market rather than resorting to Keynesian-type expansionist policies.

Herr Bluem argues that many businesses are reluctant to hire workers permanently because they are uncertain whether an increased inflow of orders will continue. They are more inclined, he says, to offer their existing employees overtime.

Under the new law, which is effective from May 1, businesses will be able to take on new workers under contracts of up to 18 months. Until now, employers have had to give a reason for offering only a temporary job, such as filling in while an employee takes maternity leave or undergoes military training.

The Labour Ministry declines to predict how many jobs might be created and recognises that some employers may not use it for fear of upsetting unionists. But the measure is part of a concept of encouraging a more flexible approach to work. The same legislation for instance, also establishes better conditions for part-time work and job-sharing. Part-time workers must be given the same conditions as full-timers, while a job-sharer will not be obliged to step into a partner's shoes, nor face the sack just because the partner quits.

Union leaders have argued that the Government is introducing a cosmetic measure, unlikely to have an impact on unemployment and amounting to an attack on workers' rights.

Herr Bluem, who is a beaming embodiment of the trade union oriented wing of the conservative Christian Democratic Union (CDU), replies: "It is better to have a job for a limited time than to be out of work for an unlimited time."

As a protection of workers' rights, however, the measure is "transitional" during the current period of high unemployment and expires at the end of 1989. Also, it applies only once for any individual — in other words, an employer who wants to give a worker a limited contract for a second time round would have to justify it, as now.

Herr Bluem: aroused union arrogance.

The CDU, meanwhile, is dismissing an idea from its junior coalition partner, the Free Democratic Party, for introduction of wages below the union negotiated level as a means of encouraging job creation.

Arms talks round ends in secrecy as it began

By Robert Mauthner, Diplomatic Correspondent

THE FIRST round of the nuclear arms control talks between the U.S. and the Soviet Union which began in Geneva on March 12 end today shrouded in the same cloak of secrecy in which they began.

While the world's statesmen and media continue to devote thousands of words to the subject and President Ronald Reagan's Strategic Defence Initiative (SDI)—the so-called Star Wars project — has provoked heated controversy, the negotiators themselves have kept their promise to reveal virtually nothing.

All that is known with any certainty is that the U.S. and Soviet negotiators meet alternately in each others' missions in Geneva at regular intervals, and that they have created three groups to deal with long-range missiles, intermediate-range missiles and space weapons.

It has also been clear since the beginning that the positions of Washington and Moscow on the way to deal with the whole issue of space-based defensive systems are diametrically opposed, and there has been no indication that the gap has been narrowed during the five weeks of talks.

The Soviet Union is interested only in obtaining U.S. agreement to a halt to all research on space weapons, while Washington's aim is to win Moscow's acceptance for the whole of non-nuclear space defensive systems as an alternative to the present doctrine of mutual assured destruction (MAD).

The main developments in the arms control debate have come from outside the cloistered and esoteric atmosphere of the Villa Rose, the incongruously named Soviet mission building, and its U.S. equivalent.

Sir Geoffrey Howe, Britain's Foreign Secretary, gave an early jolt to the U.S. side in the negotiations by raising all sorts of questions about the long-term strategic implications of the SDI. Though reiterating Britain's support for U.S. research into space-based defensive systems, he warned against the danger that the programme might acquire an "unstoppable momentum".

The minister was merely echoing the doubts already expressed by other European governments, not least the West German and French, but in Washington his speech was considered by many as untimely and as giving the Soviet Union an opportunity to divide the Nato allies.

As the first round of the Geneva negotiations draw to a close, all eyes are on the seven-nation Western European Union ministerial meeting in Bonn to see whether the Europeans can reach some sort of common position on the SDI and participation in its research programme.

Meanwhile, Mr Richard Burt, a U.S. Assistant Secretary of State, has given his considered view of the Geneva talks. It was far too early to be anxious about a lack of progress, he said, and it was normal for the two sides to exchange "broad philosophical observations" in the first round before any detailed bargaining began.

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The banking and business secrecy dispute is easing, writes **William Dullforce**

Swiss beat off U.S. legal assault

A SWISS BANKER danced a jig round his office when he learnt earlier this year that Mr John Fedders had resigned as head of the enforcement division of the U.S. Securities and Exchange Commission (SEC).

This uncharacteristic gesture reflected many Swiss bankers' belief that Mr Fedders had been conducting an unwarranted personal crusade against their business practices. It was also an indirect tribute to his tenacity in battering at the ramparts of Swiss banking secrecy.

Even before the departure of Mr Fedders, however, the long-running row between the two countries over the application of American laws and regulations to Swiss banks and companies had started to abate. Three recent developments support the view that the stormy legal relationship of the past eight years may be entering a calmer phase.

These are: the imminent submission to the Swiss Parliament of a Bill banning insider trading; the opening in Washington last month of negotiations on closer legal co-operation; and the abandonment, at least temporarily, of the Sec's attempt to impose a "waiver by conduct" concept on trading in U.S. securities.

The U.S.-Swiss legal conflict has flared up as securities markets have become internationalised and capital markets have been increasingly affected by transactions initiated outside their borders.

The U.S. has seen a dramatic increase in foreign involvement and the SEC has been the most vigorous in seeking legal help from other countries in policing markets against fraud. The Americans have harped on the impossibility of operating a double standard of law enforcement, one standard for those trading within the U.S. and another, less stringent, for those trading from outside.

Switzerland became the main U.S. target because Swiss banks are among the biggest traders in U.S. securities. Their position as fund managers has been built up largely on their reputation for keeping customers' secrets, which they are obliged to do by the Swiss constitution and Banking Act.

The U.S. Justice Department and the SEC have on some well-publicised occasions run into the wel-defended thicket of Swiss law, at the same time arousing the ire of the Swiss for what have been seen as clumsy efforts to override Swiss sovereignty. The "waiver by conduct" ploy, for instance, was firmly rejected by the Swiss Banking Association which accused the SEC of trying to impose U.S. statutes on Swiss law.

Under the waiver idea, thought up by Mr Fedders, trading in securities in the U.S. would have constituted an "implied consent" to disclose information about transactions for any SEC investigation authorised by U.S. federal law that might arise from the transaction.

It would have covered transactions initiated abroad and was intended to remove the protection against investigation that foreign investors enjoy under the secrecy laws of other countries. By shelving the proposal the SEC has removed a problem which dogged the Swiss and American negitiators who held a preliminary meeting in Washington at the end of last month.

The Reagan Administration, on the other hand, has continued to signal its displeasure by omitting Switzerland from the list of countries where U.S. companies will be allowed to establish their recently authorised foreign sales corporations.

The agreed common aim in the talks between Swiss and U.S. officials is to find ways of making the machinery of legal co-operation work better. Their initial approaches vary considerably, however.

The Americans still regard the current mechanism for obtaining from Switzerland the information they need for litigation in the U.S. as inadequate, and want to speed up the gathering of testimony and documents.

In the Santa Fe case, one of three in which the legal tension between the two countries has erupted publicly since 1981, the SEC filed in October of that year its complaint that shares and call options to stock in Santa Fe International had been bought through Swiss banks just before the announcement of its merger with the Kuwait Petroleum Company.

The first request to the Swiss Government for legel assistance in obtaining evidence from Swiss banks was made in March, 1982. The Swiss finally handed over evidence on February 20, 1985.

In the tax fraud case against the Swiss-based commodity group, Marc Rich, and its U.S. subsidiary, the Americans were irritated by the paucity of evidence handed over at the end of last year, more than two and a half years after a subpoena had been issued by a U.S. court.

The Swiss emphasise the obligation embedded in their law to protect third parties when disclosures are made. They are intent on getting the Americans to abandon attempts to ride roughshod over Swiss laws and to make proper use of the instruments on legal co-operation which have been agreed over the past eight years.

In the third instance which led to public controversy, that of Ellis AG, a Zurich brokerage company, in which the SEC alleged that 20 or more investors had netted at least $40m over seven years by buying stock and options of U.S. companies before takeover announcements, the Swiss insisted that the Americans put in a request under the 1977 treaty on mutual assistance in criminal matters before the case could be dealt with.

The Swiss also point out that the Santa Fe case had to be referred twice to the tribunal which than handed down judgments establishing precedents that will help to speed up future requests for legal assistance. That case also led to a memorandum of understanding which together with a private convention agreed by the Swiss banks offers a temporary method of handling insider trading cases until legislation is enacted.

The 1977 treaty, the memorandum and the International Mutual Assistance Act, which came into force on January 1 1983 are now the channels for legal co-operation. In the Swiss view they offer the U.S. scope for seeking assistance which should be used before U.S. courts enforce fines on, or seize the assets of, Swiss companies in the U.S.

Some U.S. officials see the validity in Swiss efforts to protect the sovereignty of their laws and to resist American attempts to apply their outside their own territory. As one American commented, "Try telling that to an American judge."

The Americans are pressing for clearer definitions from the Swiss of what they mean by tax fraud and how they expect U.S. courts to request information in tax cases.

The 1977 treaty allows the U.S. to penetrate Swiss secrecy laws only when a tax infringement constitutes a criminal offence under the laws of both the U.S. and Switzerland. The Swiss say their 1983 Mutual Assistance Act opens up new possibilities: the Americans want these spelt out.

SWITZERLAND SAYS it is willing to negotiate a new double taxation agreement with France. This follows the rejection by parliament last month of a revised tax agreement and the cancellation of a visit by M Pierre Beregovoy, the French Finance Minister.

The tax revision was rejected because it appeared to open the way for taxation by the French of property in France owned by Swiss citizens, and possibly facilitate the penetration of Swiss tax laws by French officials.

Swiss public opinion has been irritated twice in the past two years by cases in which French customs officials have allegedly tried to break the secrecy of Swiss banks, in order to obtain information about accounts held by French citizens.

EUROPEAN NEWS

Warsaw Pact shuns glare of publicity

By Christopher Bobinski in Warsaw

THE OFFICIAL air of discretion surrounding the meeting of Warsaw Pact leaders later this week suggests that the participants want to hold a brisk businesslike meeting devoid of undue Western media attention. The summit will mark the first trip abroad since taking over as Soviet leader by Mr Mikhail Gorbachev, but Western photographers and journalists are still being told officially that the exact date of the summit is unknown.

The lack of publicity will disappoint General Wojciech Jaruzelski, the Polish leader. The fact that the meeting is being held in Warsaw is important as it signifies a measure of approval for his policies.

But Polish officials have been arguing privately that lack of access for East Bloc newspaper correspondents to Nato meetings justifies the Warsaw Pact approach

The only visible sign that anything untoward is afoot is that Warsaw's Victory Square which holds the Tomb of the Unknown Soldier, at which the visiting leaders will no doubt lay wreaths, has been put off limits for parking from Wednesday onwards.

A Polish newspaper yesterday hinted that the meeting would bring no great surprises. Sztandar Mlodych quotes Marshal Victor Kulikow, the Warsaw Pact commander in chief, as saying that the Pact was ready to dissolve itself when Nato does the same. But, he added: "The Socialist countries consider that the Warsaw Pact should be maintained as a guarantee of peace and security until the military and political situation changes."

● The Polish leadership may be having second thoughts about passing heavy prison sentences on three arrested Solidarity leaders.

Yesterday, the Communist party newspaper published a "reader's letter," arguing that the general public was apathetic about the case, few had even heard of it and that the whole issue was not worth bothering about.

WEU ministers opt against joint Star Wars position

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN BONN

Western European foreign and defence ministers yesterday confirmed at the start of a two-day meeting here their desire for a more co-ordinated European role in defence and security, but carefully avoided adopting a joint stance on President Ronald Reagan's Strategic Defence Initiative

The ministers of the seven-nation Western European Union, whose members are Britain, France, West Germany, Italy and the three Benelux countries, were due to discuss the U.S. project, popularly known as Star Wars, informally over dinner last night. Officials made it clear, however, that they did not intend to enshrine the outcome of their talks in a joint declaration on the subject.

The unwillingness by some of the member countries, including Britain, to use the reactivated WEU as a forum for working out common positions on arms control problems, is clearly the result of U.S. representations earlier this year.

Some countries like West Germany, however, appear much readier than others to ignore U.S. desires. Herr Hans Dietrich Genscher, the West German Foreign Minister, who presided over the meeting, specifically reiterated his government's "intention to obtain a joint position with our European partners," on SDI.

Herr Genscher and, to a certain extent, Sir Geoffrey Howe, the British Foreign Secretary, also appealed for an upgrading of Europe's rolo in East-West relations. Much more was required than a mere response to the initiatives of others, Herr Genscher said. "Without a willingness to increase our commitment and without constructive European initiatives there will be no success."

Sir Geoffrey, who has recently visited East Germany, Poland and Czechoslovakia, said the professed desire of Mr Mikhail Gorbachev, the new Soviet leader, to improve relations with the West should be welcomed.

No one knew, however, how far Mr Gorbachev was willing to go and it was important to test the genuineness of Soviet desire for arms control.

Honecker places great store by visit to Italy

BY LESLIE COLITT IN EAST BERLIN

THE FIRST visit to a Nato country by an East German leader begins today when President Erich Honecker arrives in Italy for two days during which he will have an audience with the Pope.

His official visit to Rome has taken on added significance since ho was prevented by the Soviet Union last September from going to West Germany, which would have been the first Nato country ho had visited.

The Italian visit is regarded by East Germany as one of the most important steps in its efforts to establish a dialogue with Western countries. Since the middle of last year, Herr Honecker has had talks with the leaders of Sweden, Austria, Greece and Finland, and in March with Chancellor Helmut Kohl in Moscow during the burial of Mr Konstantin Chernenko. He also conferred with Sir Geoffrey Howe, the British Foreign Secretary, earlier this month.

In June, M Laurent Fabius, the French Prime Minister, will become the first of the leaders of the three Western powers responsible for Berlin and Germany to pay an official visit to East Berlin.

A statement by the Italian Government noted that both the Rome and East Berlin visits could play an important moderating and balancing role within their alliances. East-West relations, it said, would top the agenda of talks

● Italy hed a record L3,149bn (£1.27bn) balance of payments deficit in March, writes James Buxton in Rome. It brought to L4,562bn the deficit for the first quarter of 1985.

Dismay in Bonn over criticism of Reagan visit

By Rupert Cornwell in Bonn

A BITTER attack by a senior West German Government politician against the U.S. opponents of President Ronald Reagan's planned visit to the German war cemetery at Bitburg next month threatens to dash the hopes of both Bonn and Washington that tho controversy over the President's trip here might at last be drawing to a close.

In a letter to the group of 53 Senators who have formally protested at the visit to the cemetery — where a number of former SS officers are buried — Herr Alfred Dregger, floor leader in tho Bundestag of the ruling CDU/CSU party, expressed his "dismay" at the criticism.

It raised the question, Herr Dregger said, whether the U.S. people really considered West Germany an ally, despite 40 years since the end of World War II in Europe.

Tho Senators should also remember that they risked giving a simple pretext for those "who want to misuse the anniversary of the German surrender of May 8, 1945, in order to destroy the alliance between West Germany and the U.S."

Herr Dregger wrote, moreover, that the reaction of tho Senators hed caused him special pain, since his only brother had been killed in action on the Eastern Front in 1944.

"If you are asking the President to drop his noble gesture of laying a wreath in Bitburg, then I must consider that a calumny of my brother and others of my wartime comrades who died in the fighting."

Both capitals had been hoping that after the decision of Mr Reagan to add a stop at the Bergen - Belsen concentration camp site to his programme on May 5, the furious controversy over Bitburg — especially in the U.S. — might abate.

Now, however, fresh fuel has been thrown on the fire of transatlantic exchanges on the issue — all the more uncomfortable here since Chancellor Helmut Kohl and his Government have been as insistent as possible that the President visit the cemetery, as a symbol of the post-war reconciliation of the two countries.

Alfonsin in attack on 'civilian traitors'

By Jimmy Burns in Buenos Aires

TIGHT security was mounted yesterday in and around Argentina's main criminal court in Buenos Aires in preparation for the controversial public trial of the nine members of the three military juntas who ruled Argentina from 1976 until the end of the Falklands war.

In a strongly worded nationwide speech on Sunday night, President Raul Alfonsin lashed out at "civilian traitors" he alleged were tempting the armed forces into staging a pre-emptive coup d'état before the trial scheduled to begin late yesterday afternoon.

"The enemies of democracy have always conspired, but never has the Argentine nation been so under attack," Sr Alfonsin said. "I denounce, before the Argentine people, an attempt to weaken the government by those forecasting chaos and anarchy."

Sr Alfonsin insisted that there was no immediate danger to the Government and said the armed forces were remaining loyal to it. However, the speech appeared to be a clear attempt to rally support for the Government on the eve of the boldest political move against the military ever taken by an Argentine civilian President.

The juntas are being tried for human rights violations which were committed following the 1976 coup and which led to the "disappearance" of over 8,000 Argentines. The accused include former presidents Generals Jorge Videla, Roberto Viola and Leopoldo Galtieri. The crimes are punishable with sentences of between eight years and life imprisonment.

The trial before a court martial board composed of six civilian judges is expected to last at least four months. However, it has already embroiled the country's political establishment in a debate about the rights and wrongs of the former military regime.

Last Friday General Hector Rios Erenu, the army commander, said that the armed forces would abide by the Government's decision to try the juntas and ruled out any coup attempt. But the new military chiefs, hand-picked by President Alfonsin, are understood to be under pressure from hard line middle and junior ranking officers and are insisting that the Government desist from conducting a more wide-ranging judgement.

Human rights groups, who yesterday were staging their own massive demonstration in central Buenos Aires, allege that there are at least 500 other officers who carried out the junta's orders.

TANCREDO NEVES

Cautious man who promised change

AT THE beginning of the year, as he approached the date of the Brazilian presidential elections, Tancredo de Almeida Neves, promised that if he were elected he would inaugurate a "new era" and sweep away two decades of "suffering, mutilation, confiscation and repression" that the military had imposed on Brazil since the coup d'etat of 1964.

He was elected but he tragically failed even to begin his task. Shortly before he was due to be inaugurated in Brasilia on Friday March 15 the 75-year-old leader of the Democratic Alliance was taken ill. He died yesterday in Sao Paulo after having undergone seven operations in five weeks.

Tancredo, as he was universally known, was a *mineiro*, a native of the state of Minas Gerais, from whose General Mines of gold, silver and diamonds colonial Brazil became rich. Mineiros are traditionally characterised as cautious and hard headed. He was certainly that.

Politics was his life. He was Minister of Justice in the last government of the legendary Brazilian leader Getulio Vargas who shot himself in 1954 and was seen as a left-wing leader of the middle of the road Social Democratic Party.

In 1961, Sr Neves was appointed Prime Minister in the Cabinet of the left-wing President Joao Goulart. He resigned in the middle of 1962, two years before the military put an end to the Goulart government.

In 1982 after years during which he was looked on askance by the generals he became governor of his home state. Through his link with the governments of Vargas and Goulart he felt himself well fitted to embody the re-establishment of civilian rule this year.

That he came so close to doing it was due to the peculiar combination of his qualities. His early political training in state and national politics gave him the subtlety and flexibility which allowed him to reach compromises and make deals stick.

He also had the ambition to continue a political career even when after the 1964 military coup it was clear that the generals would rule in Brazil for years to come.

As the military started relaxing their grip on power he managed to make a place for himself within the opposition without espousing policies so extreme that they upset the military who could have vetoed his accession to the presidency. He was a liberal, not a revolutionary.

Sr Neves attending his last public function, a church service, with his grandson. Shortly after he left the church he collapsed and was rushed to hospital.

Directly after his election — by an electoral college — Sr Neves left Brazil for a fortnight's tour of Europe, the U.S. and Latin America which allowed him to make his name internationally with calls on world leaders from the King of Spain and the Pope to President Reagan and President Alfonsin.

As he arrived back in Rio de Janeiro on February 8 he was met by Leonel Brizola, the state governor. "I thought you would arrive back exhausted," Brizola commented. "I know how to drink so I don't get tired," Sr Neves replied.

Few people in Brazil suspected that their elected leader would be dead within weeks. On the day of his investiture he delivered a speech through his Vice-President Jose Sarney, in which he decreed a halt to public spending and an investigation of the administrative corruption which had flourished in the closing years of military rule.

Unfortunately he could only offer Brazil the promise of a strong and prudent president.

Hugh O'Shaughnessy

Sarney's unexpected climb to the top

BY ANDREW WHITLEY IN RIO DE JANEIRO

LIFE HAS played strange tricks on Sr Jose Sarney, Brazil's new President.

Ten months ago, when he resigned abruptly as president of the military-created Social Democratic Party (PDS), his 30-year-old political career appeared to be at an end. "I will put on my sandals and go back to writing poetry," he told his friends.

Literature and politics have always intermingled in Sr Sarney's life — he is an elected member of the distinguished Brazilian Academy of Letters — and of the two his clear preference has always been for the first.

His elevation yesterday would not have come about but for the break-up last year of the PDS over the controversial presidential candidacy of Sr Paulo Maluf and the subsequently formed alliance of PDS dissidents with the country's leading opposition party, the Brazilian Democratic Movement Party, or PMDB. The PDS dissidents named their group the Liberal Front Party (PFL).

Within the newly formed Democratic Alliance linking the two groups behind the candidacy of Sr Tancredo Neves, the PFL demanded, and obtained, as the price of its support the number two slot on the slate, hence Sr Sarney's vice-presidential position.

Sarney: undistinguished.

In fact, Sr Sarney is not a member of the PFL — he enrolled in the PMDB last year to give himself added legitimacy in the eyes of a sceptical public. But among the senior politicians who had deserted the Figueiredo camp, he was the only one who did not have presidential ambitions, and thus could be put up by his fellows for the usually inconsequential post of vice-president.

The other heavyweights in the PFL, men such as Sr Aurellano Chaves, Sr Marco Maciel and Sr Olavo Setubal, chose instead to accept ministerial posts in the Neves Government, biding their time for the promised direct presidential elections expected in 1988.

As Sr Neves was in such robust health last year, making light of his 75 years during the grueling political campaign, no-one imagined that Sr Sarney, the distinguished politician from Maranhao, a political and economic backwater in north-east Brazil, would ever assume the top job.

The foundations of President Sarney's support will come from his former PDS colleagues, who need him to preserve their own future.

Bolstering the informal Sarney support group shaping up within the Democratic Alliance are independents such as Sr Antonio Carlos Magalhaes, the Minister of Communications, and young government technocrats like Sr Joao Sayad, the Planning Minister, and Sr Ronaldo Costa Couto, the Interior Minister.

Judging by their proximity to the then Vice-President over the crisis of the past few weeks, two Neves loyalists are likely to play a key role in shifting the Alliance's backing to the new President. They are Sr Fernando Lyra, the Justice Minister and the late President-elect's chief political strategist, and Sr Aluizio Alves, the Public Administration Minister.

But at the heart of the new political alignment will be the relationship between the reluctant President ("I'm here under a weight I did not ask for, nor desire," an emotional Sr Sarney told the nation on television late on Sunday night) and Sr Ulysses Guimaraes, the veteran PMDB and Congressional leader.

Running fending between the two men jockeying for position, has scarred the first five weeks of the new Government's life. However, as Sr Neves's condition deteriorated, the two politicians patched together a badly needed truce. Unlikely bedfellows thrown together by fate they realised they must swim or sink together.

Pindling to face 'no confidence' motion

By Nicki Kelly in Nassau

BAHAMIAN Prime Minister Sir Lynden Pindling, under heavy pressure to resign, will face a no confidence vote in Parliament on May 1 following a recent report on drug-related corruption.

The report represented the results of a year-long commission of inquiry into drug-trafficking and raised serious questions about Sir Lynden's conduct and that of several members of his Government.

For drug smugglers to have operated as openly as they did "corruption must have reached to a senior level of government," the commission said.

The resolution by the opposition Free National Movement claims the commission's findings show "the Prime Minister and his Cabinet no longer have the moral authority to govern or continue in office."

If Sir Lynden loses the vote he will have to resign as Prime Minister or call a general election within seven days.

The FNM is also asking for the resignation of those parliamentarians found to have been involved with drug smuggling or who received drug-related pay-offs of "other questionable payments or loans."

Although the commission found no tie between the money received by the Prime Minister and alleged payoffs by drug traffickers, it did confirm that over a seven-year period Sir Lynden:

- Deposited \$3.5m (£2.7m) more in his bank account than he earned as Prime Minister.
- Received \$1m in loans and gifts from three foreign investors
- Maintained a close friendship with an acknowledged influence peddler from whom he accepted \$962,000 linked to several suspect business deals.

The commission also found that Mr Kendal Nottage, the Minister of Youth, knowingly or not, "fronted" for an assisted in the money-laundering operation of a prominent Mafia figure and that Mr George Smith, the Minister of Agriculture, accepted \$26,000 from a Colombian cocaine smuggler to buy a BMW car and another \$100,000 from an American smuggler to have his name removed from the Bahamas' immigration stop list.

Mr Nottage and Mr Smith have resigned their Cabinet

Sir Lynden's failure to fully account for his finances as required by law, the questionable circumstances surrounding the payments he received, and his refusal to admit wrongdoing and resign has precipitated the most serious crisis in the 30-year history of the governing Progressive Liberal Party.

Reagan to address nation on budget deficit campaign

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan is to make a televised appeal tomorrow night in support of the Administration's plans for cutting the federal budget deficit, the White House disclosed yesterday. The announcement came on the eve of a critical Senate debate on the compromise budget cuts package worked out with the Republican leadership in the upper house.

The decision to give the budget top priority for an Oval Office speech to the nation follows an internal debate in the White House. Some aides reportedly pressed the President to give top billing to his request for \$14m (£10.7m) aid for the "contra" rebels in Nicaragua.

The televised address comes in a week which sees Mr Reagan under fire from several quarters. Not only is he facing a defeat in Congress on Nicaragua, he is also struggling to damp down the furore which has erupted over his forthcoming visit to a military cemetery in West Germany and stave off the threatened collapse of the budget package which he has endorsed.

The President's decision to make good on his promise actively to support the Republican's budget proposal carries with it considerable political risks. Senator Robert Dole, the Republican Senate majority leader, has conceded that he is expecting to lose some early votes on the detailed budget proposals, and that he will need the support of Democrats in the Senate if he is to secure approval of a deficit reduction package.

The question then would be whether such a package could be forced through the House of Representatives, where the Democratic majority has quietly registered its opposition to the Republican proposals.

The Senate Republican's budget proposal would aim to cut the budget deficit in half to around \$100bn by 1988. To do so, however, it proposes cutting or eliminating a score of government spending programmes including finance for the Amtrak railway system and a reduction in the inflation proofing of the old age pension system which would affect some 38m Americans.

In putting together the package with the Senate leadership, the President conceded a reduction in the rate of growth of defence spending from his proposed 6 per cent real increase to 3 per cent.

Each of the individual spending cuts has run into opposition from some group in the Senate, raising doubts about whether the package as a whole can be passed. There is widespread opposition in particular to the cut in social security benefits which, if approved, it is feared will damage the re-election prospects of Republican senators in the mid term elections next year.

White House in talks to save Nicaragua policy

BY OUR WASHINGTON STAFF

PRESIDENT Ronald Reagan and top White House officials were meeting with both Republican and Democratic Congressmen yesterday in a last minute bid to avoid a politically damaging defeat on the Administration's policy in Central America.

The meetings were scheduled ahead of crucial votes today in both the Senate and the House of Representatives on whether to release some \$14m (£10.8m) in military and humanitarian aid to the "contra" rebels seeking to overthrow the Sandinista Government in Nicaragua.

Failure to secure the release of the funding would be a major setback for the hard line stance the Administration has taken in Central America and its policy of exerting, through the "contras," military pressures to force the Nicaraguan Government to accept U.S. demands to, as President Reagan put it earlier this year, capitulate and "say uncle."

Opponents of Administration policy in Congress have maintained among other things that the policy of indirectly exerting military pressure on the Nicaraguan Government is counter-productive and fosters the militarisation of the country and its pro-Soviet stance.

Commenting yesterday on a Nicaraguan proposal to call a ceasefire with the "contras" if the U.S. halted aid to the rebels, Mr Larry Speakes, the White House spokesman, accused the Nicaraguan Government of trying to influence today's Congressional votes. He said the proposal was an invitation to the opposition in Nicaragua to surrender.

Mr Speakes claimed that today's Senate vote would be close but that the Administration was still behind the House of Representatives.

Israeli navy foils PLO attempt to land guerrillas

BY DAVID LENNON IN TEL AVIV

ISRAEL yesterday announced that its navy foiled an attempt by the Palestine Liberation Organisation (PLO) to land a large force on its coast when it sank a ship which was carrying 28 guerrillas who were on their way to carry out attacks in Israel.

The vessel was intercepted 200 km off the coast of Israel on Saturday night by an Israeli missile boat and ordered to stop and identify itself. After it refused, warning shots were fired, drawing small-arms fire from the ship, which the Israelis then sank.

An army spokesman said that eight of the people on board the 1,000-tonne ship were rescued and that the others were presumed drowned. He said they were members of the Fatah guerrilla organisation.

The Israelis said that an interrogation of their prisoners revealed that the plan was to land three groups of six or seven men. The guerrillas were to carry out attacks "on central targets" in Israel on the eve of Independence Day, which begins tomorrow evening.

The last time the Palestinians successfully landed a raiding party from the sea was six years ago. That unit captured a bus and, in an eventual shoot out with the Israeli army near Tel Aviv, more than 30 people were killed.

- Shells rained on the southern Lebanese city at the rate of one a minute today shortly before a ceasefire announced by Lebanon's main Christian militia was due to take effect yesterday afternoon, reports Reuter. The 4 pm ceasefire was announced by Mr Samir Geagea, leader of the Christian Lebanese Forces militia.

Shultz sees possibility for new Mideast peace bid

BY OUR MIDDLE EAST STAFF

MR GEORGE SHULTZ, the U.S. Secretary of State, believes that the way is now open for a renewed peace process in the Middle East. "Today, for the first time in years, there are signs of a new realism and a new commitment on the part of key regional leaders," he told the American Israeli Public Affairs Committee in Washington.

Mr Shultz urged Arab leaders to come forward and enter direct negotiations with Israel, pledging that the U.S. would help protect any nations which took this step.

"Those who take risks for peace should know that the U.S. will help them defend themselves," he declared. "The U.S. must continue to support those who seek negotiations and peaceful solutions against those who promote violence and oppose peace."

Mr Shultz particularly referred to the efforts made by King Hussein of Jordan to bring Palestinians to the negotiating table and warned that there was no alternative to direct negotiations. "The longer this truth is evaded, the longer the Palestinian people are the victim."

King Hussein has insisted, however, that he will not be drawn into bilateral negotiations with Israel over the future of the occupied West Bank and Gaza Strip. The Jordanian monarch has stressed that he cannot move without the blessing of the Palestine Liberation Organisation

Vietnam devalues in line with IMF

By Chris Sherwell, South East Asia Correspondent

Vietnam has cut the official exchange rate of its currency, the dong, from just under 12 to the U.S. dollar to 100.

The decision, said to have been made last week but only revealed at the weekend, brings the dong's value to a more realistic level when judged by the admittedly inflated black market levels of 350-370 seen in the past month.

It also represents a positive, if hugely delayed, response to a long-standing recommendation by the International Monetary Fund for a currency adjustment by the Hanoi Government.

The IMF is believed to favour making Vietnam ineligible for any further credits because it has failed to repay previous loans. Arrears were put at SDRs 10.2m a year ago, and a Fund team was in Vietnam for further discussions last month.

Announcement of the change came from Mr Tran Phnong, vice-premier with responsibility for economic affairs, when he met foreign journalists in Hanoi. He was quoted as saying: "We have learned from our mistakes," a significant admission from such a senior official.

Mr Phnong was also reported as saying that the new rate had been in effect for some time for foreign trade transactions and would now cover all official transactions.

However, diplomats in Hanoi say that in the past different rates have applied to different trading partners or aid donors.

Vietnam's foreign debts amount to about \$6bn (£4.6bn), of which about \$1.7bn is owed in convertible currencies.

Kuala Lumpur quashes power bid in Sabah

BY WONG SULONG IN KUALA LUMPUR

THE Malaysian Federal Government yesterday intervened to avert a serious political crisis by quashing a power bid by Tun Mustapha, former autocratic Chief Minister of the East Malaysian state of Sabah, and ordering the appointment of Datuk Pairin Kitingan, the victor in Sunday's state elections.

The drama in the oil-rich state unfolded as the results of the elections gave Datuk Pairin's newly formed Party Bersatu Sabah (PBS), 25 of the 48 contested seats, sweeping aside the ruling Berjaya Party, which obtained only six seats.

However, the 68-year-old Tun Mustapha, who ruled Sabah with an iron hand for nine years until 1976, and whose United Sabah National Organisation won 16 seats, was able to persuade the governor, Adnan Roberts, to swear him in as Chief Minister on a proposed coalition with Berjaya.

As Chief Minister he could then nominate six more members to the state assembly, as provided by the constitution, which would have given him a working majority.

However, the bold gamble failed when Datuk Musa Hitam, acting Malaysian Prime Minister, intervened and told him to resign or face the consequences. Datuk Pairin was sworn in later in the day.

The capital, Kota Kinabalu, was tense and shops and offices closed early, but there were no reports of violence.

In a statement, Datuk Musa said the Federal Government accepted the wishes of the majority of the Sabahans, in accordance with rules of parliamentary democracy and warned it would deal sternly with those trying to threaten public order and security.

By moving decisively to squash Tun Mustapha's political "coup," Datuk Musa defused a potentially explosive racial outburst in Sabah, where election results had shown that the state's 1.2m population is now sharply divided along racial lines.

The PBS swept into power with the support of the Christian Kadazans and the Chinese, while the Malays and other Muslim communities voted for Tun Mustapha's USNO.

Datuk Pairin, 45-year-old Australian trained lawyer, is the acknowledged leader of the Kadazan, Sabah's largest racial group. He said the PBS would apply to join the coalition government at federal level.

Sabah, which is separated from mainland Malaysia by 1,500 miles of the South China Sea, has often been described as Malaysia's "wild east" and "little Texas," a reflection of its rich natural resources and rough politics, so vividly displayed during and after the elections.

The Federal Government's control of Sabah and Sarawak, the other East Malaysian state, has always been difficult, and last year it succeeded in incorporating the island of Labuan, with its deep water harbour, as a "federal territory."

Labuan will be developed into a major military base to give Kuala Lumpur greater access to East Malaysia and to monitor the eastern approach of the South China Sea. Its incorporation as federal territory was a major issue in the elections.

Although Pairin is expected to be appreciative of Datuk Musa's intervention and will not start a confrontation over Labuan, he is nevertheless expected to take a stronger state-rights stand in dealing with Kuala Lumpur.

The PBS will demand a greater share of the state's oil revenue (currently Sabah gets only 5 per cent), greater financial allocations under the coming fifth Malaysia plan, and a review of the illegal Filipino and Indonesia migrants.

The presence of an estimated 150,000 migrants has created fears among the Kadazans and Chinese that their presence would tilt the delicate racial balance in favour of the Muslim communities.

Swapo steps up fight after Pretoria move on Namibia

BY ANTHONY ROBINSON IN JOHANNESBURG

THE SOUTH African Government's decision last week to reintroduce a restricted form of interim government in Namibia appears to have led to increased political and terrorist activity by the South West Africa People's Organisation (Swapo) as well as condemnation by the non-aligned movement and the five nation Western contact group.

A bomb explosion at a discoteque owned by a non-Swapo politician in the war zone province of Ovamboland yesterday cost the eye of a young student and injuries to four others. This followed the death of another youth over the weekend when he stepped on a mine and while two other Ovambo civilians who were killed

The latest incidents follow claims by the South African Defence Force that it had killed 238 Swapo guerrillas so far this year during successful operations against Swapo's traditional wet season offensive.

Meanwhile, Swapo's acting President inside the country Mr Nathaniel Mahuilili yesterday held an illegal meeting inside the township of Katatura outside Windhoek. He called on whites to join Swapo and said the proposed interim government "would be stillborn."

He told a crowd of several thousand: "Swapo of Namibia needs all the whites. We want peace in Namibia. We do not want to drive them away from here." The meeting was called to celebrate the 25th anniversary of the founding of Swapo. Police did not intervene and a Swapo motorcade drove round the township after the meeting.

Hawke to unveil spending cuts

The Australian Government will outline spending cuts of at least A\$1bn (£526m) next month, Prime Minister Bob Hawke said, Reuter reports from Canberra.

He said the Cabinet decided to reveal the cuts in May rather than in the August budget to ensure savings over the fiscal year starting on July 1.

Combined with the budget measures, the cuts will allow the Government to meet budget commitments for 1985-86, Mr Hawke said. These include reducing the deficit in money terms from A\$6.74bn projected for 1984-85 and cutting federal outlays and tax revenue as shares of gross domestic product.

Mr Hawke said it was likely that the recent weakness of the Australian dollar would lead to upward revisions of expected revenues for 1985-86.

Sudan's military leader to announce interim cabinet

BY MICHAEL HOLMAN AND JOHN MURRAY BROWN IN KHARTOUM

SUDAN'S military leader, General Abdul Rahman Suwar al Dahab, was yesterday due to end two weeks of deliberations and announce the names of the country's 15 member transitional cabinet led by Dr Dafalla al Gizouli, the new Prime Minister.

Dr Gizouli, former President of the country's physicians union and a prominent official in the alliance of unions and professional bodies which helped overthrow former President Jaafar Nimeiri, said yesterday that his Cabinet would have three main aims.

It would ensure that fair elections would be held within 12 months and draft a new constitution; attempt to resolve the problems of the south where the rebel Sudanese Peoples Liberation Army (SPLA) has been increasingly successful; and stem the deterioration in the country's economy.

Dr Gizouli, described Colonel John Garang, leader of the SPLA, as a "true patriot" without whose participation it would be "difficult to find a solution" to the southern problem.

Dr Gizouli said the policies of the International Monetary Fund for Sudan would be "closely scrutinised." Agreements in the past between the fund and the Nimeiri regime had not brought about an improvement in the economy, he said.

Sudan failed to meet the terms of an IMF loan last year and fell behind in repayments to the fund. External debt is believed to exceed \$9bn (£6.9 bn).

Japanese reschedule $348m in loans for Bandar Khomeini

BY TERRY POVEY

MITSUI and Company and its Japanese partners in the ill-fated Bandar Khomeini petrochemical project in southern Iran heve rescheduled Y86bn ($348m) in loans arranged to finance part of the $3.5bn scheme.

Last year, the Japanese gronp — called Iran Chemical Development Company (ICDC), all nf whose members are part of the Mitsui group — resumed work on the project following Iranian guarantees to cover the whole of the completion costs, which could be several billion dollars on top of the original $3.5bn, and for the physical safety of the site.

At the same time, agreement was reached on the resumption of payments on a $500m loan made by the fCDC to its state-owned Iranian partner in the project.

All of these agreements collapsed in October when the fCDC withdrew its staff from the site following an Iraqi bombing in which a number of non-Japanese workers were injured. This was the sixth attack on the site since the Gulf war started.

Fnllowing the withdrawal, Iran suspended interest payments on the loan, and Mitsui itself, in its latest half year to September 30, was obliged to make a write-off of Y3bn for the Bandar Khomeini project.

It is the loan to Iran that Mitsui has now rescheduled. Originally, this was for Y125bn and was due for repayment from 1982 onwards with a deadline for complete repayment by 1987. Now this desdline has been extended until 1992 by the Export-Import Bank of Japan and the 20 other members of the lending syndicate.

Iran's parliament recently rejected tha proposed revision of the 1974 agreement which gave each party 50 per cent of the project.

Mitsui was seeking to reduce its equity holding, in line with the increased Iranian financial commitment involved in the project's completion.

The action by the parliament has hit at the basis of the agreement on future costs and the Japanese company is now hoping for an agreed total write-off—the prospects for an end to the Gulf war being slim—and the rescheduling has to be seen as part of the preparation for this.

Four cases could end deadlock in a bid to improve EEC freedom of services, **John Moore** reports

How one broker shook Europe's insurance community

HERR FRANZ SCHLEICHER, an insurance hroker based in the Bavarian town of Ingolstadt, has shaken the European insurance community.

As a hroker, Herr Schleicher specialised in the placing of industrial insurance business with German and foreign insurance companies.

Up to 1981, he placed business for clients, largely in the fur trade and domiciled in West Germany, with English insurance companies using English insurance brokers.

The premium rates whch he nbtained for his clients were lower than those they would have had to pay had he placed the business with West German insurers.

Tha Federal Insurance Supervisory authorities of West Germany took actiou against him and fined him DM 18,000 (£4,600) for his efforts. Herr Schleicher, they said, had broken the law.

Herr Schleicher had fallen foul of the German Insurance Supervision law which saya that a foreign insurer can only writa business in Germany if he has e concession to do so.

Herr Schleicher appealed. During the proceedings he claimed that the stipulations of Article 144a of the German Insurance Supervisory Act was incompatible with Article 59 of the Treaty of Rome, which, together with Article 60, is designed to ensure freedom of services within the Community.

He applied for permission to submit the matter to the European Court of Justice in 1982, but this was rejected by the Berlin-Tiergarten District Court.

Harr Schleicher persisted and approached the European Commission directly which gave him a sympathetic hearing.

Tha casa atrengthened tha Commission's resolve to find out why various member-states were not complying with the community's legislative principles. Germany is to have its insurance regime studied hy the Community's Court of Justice.

This is expected to be heard in October. France, Denmark and Ireland are also to have their insurance regulations studied then.

Together, the cases could break a long-running deadlock in the attempt to bring freedom of services within tha European insurance community.

There has heen progress in some areas of the insurance community towards the establishment of freedom of services. Community legislation has been adopted on right of establishment, both for life and non-life insurance companies.

The "green card" for motorcars has been ebolished. There are commnn provisions for the activities of insurance brokers. The reinsurance market, which assumes risks of other insurance companies, also enjoys full freedom of services.

But the big stumhling-block has been over implementatinn of a co-insurance directive, dating from the late 1970s. Once in force, the directive would make lt easier for insurance companies in the

Community to insure large risks together across frontiers without being "established" in the country in which they are transacting business.

Those countries, such as Germany, Ireland, Denmark and France which are resisting full implementation of the directive, argue that their tightiy-controlled insurance markets are necessary to safeguard tha interests of the consumer of insurance.

Aftar big collapses in their insurance community in the 1920s, the West Germans fear that less regulation could undermine their strict laws of consumer protection.

The French Government says lts law does not require establishment but only prior authorisation of companies wishing to do husiness.

The Commission is unimpressed by their argument, saying that French law relating to authorisation requires proof that the foreign insurer has a branch in France.

In addition, foreign insurers who are not established in France have to appoint a fiscal representative of French nationality who is personally responsible for tax payments and related penalties. This, eccording to the Commission, glves rise to "disguised establishment."

The Danes argue that their laws fall within a "judicial exception" in that they are imposing requirements on the leading co-insurer which are justified by the general good and the protection of policyholders "and which are not disproportionate to that end."

On Ireland's insurance regulations, the Commission objects that Irish legislation requires the lead insurer to hold the euthorisation of the Irish Government, which means that the company must be established in Ireland or propose to do so.

The Irish authorities do not permit co-insurance contracts to he drawn up in cases where certain risk-value thresholds are not met.

Again, the Commission says, this is in contravention of tha basic freedom to provide services laid down in the Treaty of Rome, and the particular conditions laid down for co-insurance by the EEC directive adopted in 1978.

So far, the British and the Dutch have been the most vocal among those seeking implementation of freedom of services. They want a liberalised market in which insurance companies hased in one country can compete for business risks in other European countries.

There are other pressures operating against the full adoption of freedom in insurance services ln the EEC.

fnsurance companies are currently facing extremaly competitive conditions. The insurance business cyclew has been moving downward for some time aa excess capacity has led to a dramatic fal in premium rates on many classe of risk.

Those seeking a fully liberated market argue that those challenging the principle of freedom of services are doing so out of protectionist motives, designed only to ensure tbat busaines does not flow out of their domestic markets to other competitors.

Even within the British insurance community there are worries that the stablllty of the European insurance markats could be nndermined if full freedom of service is embraced.

Mr Peter Dugdale, managing director of the Guardian Royal Exchange, has said that European insurers are already able to establish and compete in all tha EEC markets, "and we, the insurance companies, therefore, have a considerable interest in in their survival and stability."

It would be irresponsible to advocate freedom without a much greater degre of harmonisation than exists on contract law, tax and supervisory controls, he declared.

The British Insurers European Committee, led by Mr Jason Frangoulis of the General Accident Group, bowever, regards liberalisation of insurance throughout the EEC and the world as one of lts principal objectives.

Mr Frangoulis and Mrs Liliana Arcbibold, the EEC adviser for the Lloyd's insurance market, are hopeful about tbe outcome of the court hearings in October.

"I still think we are nn the edge of o breakthrough," said Mrs Archibald. "Even those who are pessimistic are saying that there is a wiod of change."

This is the ninth in the series on European morket liberalisation. The precious orticles oppeared on February 14, February 21, March 6, March 13, March 22, April 1, April 4, ond April 16.

Disputes over special trade access settled

BY WILLIAM DULLFORCE IN GENEVA

DISPUTES over the functioning of the Generalised System of Preferences (GSP), undar whicb specified products from developing countries obtain preferential access to developed country markets, have been settled at a two-week meeting in Geneva in the United Nations Conference on Trade and Development (Unctad).

Trade benefiting from the GSP amounted to abont $32bn (£26.6bn) in 1982, the last year for which reasonably full data is available.

The developing countries were particularly concerned about the introdnction by two importing countries, tha U.S. and New Zealand, of income thresbolds which once reached would exclude exporting countries from GSP treatment.

The U.S. imported goods valued at $13bn under lts GSP in 1984.

The Americans defused opposition by pointing out that no country currently benefiting from the GSP would be affected for the foreseeable future by their cut-off figure of $8,000 in per capita income.

The ceiling applied by the U.S. Congress is furthermore indexed to tha growth in U.S. Gross National Product and would not trigger off immediate withdrawal of GSP benefits, provision having been made for an extended transition period.

New Zealand, which has epplied cut-off figure of $5,544 in per capita income, is expected to respond to the appeal from Unctad's special committee reviewing the GSP, asking importing countries not to exclude current beneficiaries from their preference schemes.

All the importing countries taking part in the GSP have now renewed their schemes.

Singapore takes another step into 'hi tech' age

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE today moves another step into the "hi tech" age when SGS, the large Italian electronics group, opens a $50m (£41m) wafer diffusion plant and microchip design centre—the first snch integrated facility of its type in Asia outside Japan.

The investment represents a powerful commitment to Singapore and the Asia-Pacific region hy SGS, which is owned by STET, the Italian telecommunications and electronics giant, in turn controlled by the huge IRI conglomerate.

It also reflects the company'a heavy empbasis on research and development and on investment. Of SGS's $335m worldwide sales in 1984, 12 per cent was channelled into R and D, 43 per cent intn capital investment.

Some 18 per cent of its revenues now come from the Asia-Pacific region: five years ago they were infinitesimal.

The Singapore facility, to be opened today by Dr Tony Tan, Minister of Finance, is in two parts: a diffusion plant for semiconductor wafer fabrication, whicb will initially produce linear integrated circuits, and a semicondnctor design centre to create new integrated circuits using both linear bipolar and MOS technologies.

SGS has operated in Singapore since 1969 and in neighbouring Malaysia since 1974, concentrating mainly on the assembly and testing of integrated circuits.

Though the scope and size of work at these plants has expanded down tha years, the latest investment marks what SGS calls "a giant pioneering step in this region."

The move is attributed to basic strategic decisions taken in 1980 following the appointment of Mr Pasquale Pistorio as president and chief executive of SGS.

According to Dr Guido Zargani, managing director for SGS's Asia-Pacific operation, having the "full technological cycle" on the spot means the company can react faster to market requirements.

For Singapore, the investment is a boost for its own efforts to move up the technological ladder by attracting foreign manufacturers of sophisticated equipment.

Strong exports rise fuels Dutch economic recovery

BY PETER SPINKS IN AMSTERDAM

STRONGER DUTCH exports are fuelling the country's economic recovery, Mr Fritz Boelkstein, State Secretary for Foreign Trade, said at the Export '85 National Trade Fair, which ended in Utrecbt et the weekend.

The Netherlands current account surplus is set to widen by Fl 2bn (£458m) this year to Fl 17bn, while import and export volumes are expanding by 3.5 per cent and 5 per cent respectively, be added.

Most exports are going to Eastern countries, and Dutch traders are pushing at new markets in China, Japan, Australia and New Zealand, Nipo, the Amsterdam-based market research bureau, reports.

Taiwan is said to have the best trading potential, said many of the companies trading there, while Latin America had the least potential.

Nipo's recent survey of Dutch trade with Japan suggests that, despite their protectionism, the Japanese have a definite affinity for Dutch products, whose attention to detail apparently appeals to them.

The current shift in export focus from larger Dutch multinationals, such as Unilever, Philips and Akzo, was evident from the range of service companies exhibiting at Export '85, which this year was aimed almost exclusively at the smaller businessman.

The Central Planning Bureau forecasts that small- and medium-sized companies will see a 2 per-cent rise in prodnction if increases in wages, which are expected not to rise more than 0.5 per cent in the second half of this year, are exchanged for shorter working hours and a recovery in profits.

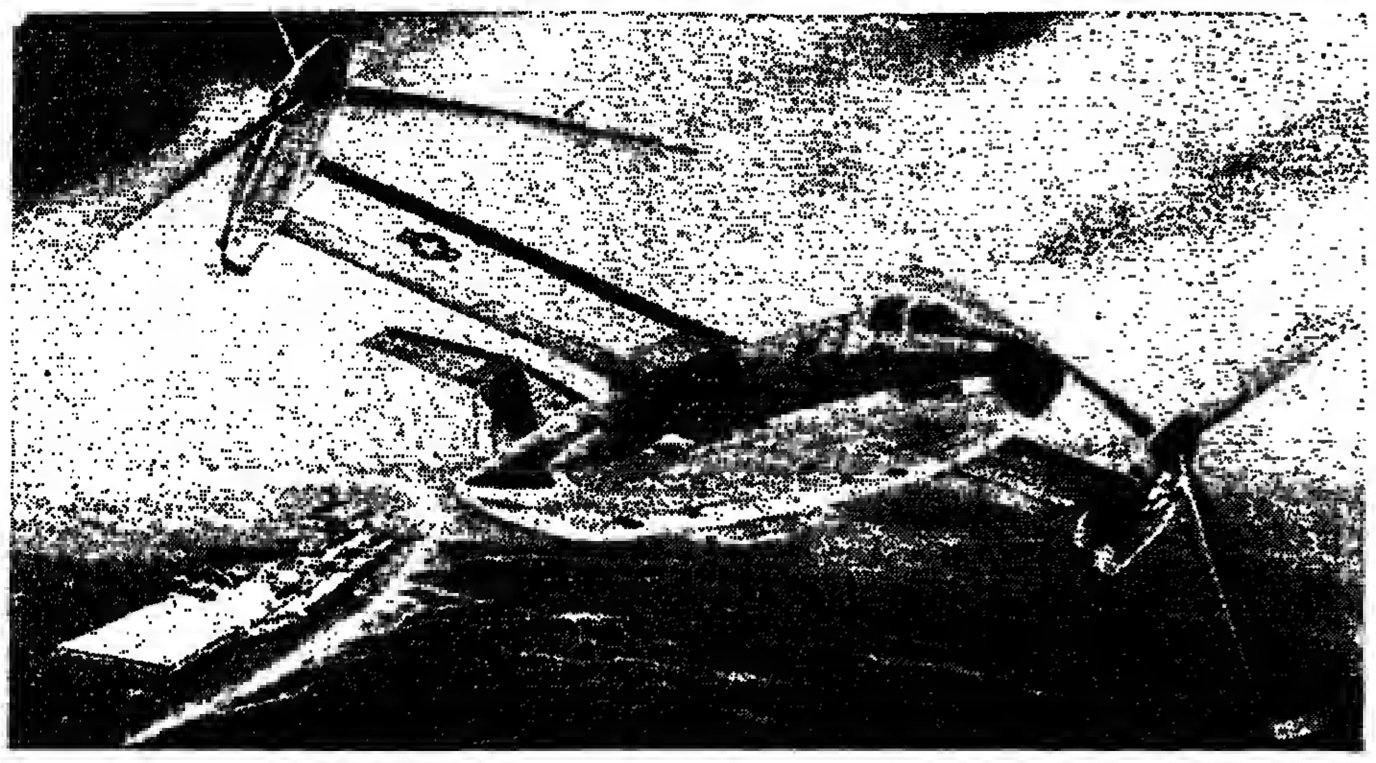
Export prices have remained unchanged in the first few months of this year, although import prices are rising by 1 per cent. Last year exports went up by 15 pe rcent to Fl 199bn while imports rose 13 per cent to Fl 188bn.

Most buoyant were exports of manufactured goods which rose 8.5 per cent, a Dutch Foreign Trade Agency official says.

The boom in Dutch trade is not trouble-free. One of the key exhibitors, NCM, the Amsterdam-based credit insurance company, says the Government'e commitments on export credit risks rose from 1982 by 14 per cent to stand currently et over Fl 40bn.

TECHNOLOGY

EDITED BY ALAN CANE



The Bell-Boeing Vertol V-22 "tilt-rotor" multi-mission helicopter now under development in the U.S.

Helicopters take a great leap forward

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

REPORTS THAT five nations in Western Europe are to discuss developing a new tactical troop transport helicopter for the 1990s, called NH-90 (Nato Helicopter for the 90s), has highlighted the fact that helicopter technology is taking a big leap forward on both sides of the Atlantic.

The NH-90 is intended to bring together in one aircraft—albeit a transport rather than a combat helicopter—all the latest advances in technology, including avionics, new materials, and advanced production techniques. But in Western Europe several other major programmes are also likely to achieve similar advances.

One is the £400m Anglo-Italian (Westland-Agusta) EH-101 aircraft programme, being developed by the joint company, EH Industries, to produce a replacement for the Sea King anti-submarine warfare aircraft, with a first flight in late 1986, and service in the early 1990s. A commercial passenger variant is also planned.

The other big European programme is the Franco-German (Aerospatiale - Messerschmitt - Bolkow-Blohm) combined anti-tank and battlefield support helicopter, generically known as the PAH-2.

These programmes, substantial in budgetary terms—probably collectively costing the participating governments and aerospace industries well over £1bn in development costs—are designed to lift European helicopter technology on to a new plateau.

They will make extensive use of composite materials, such as carbon fibre and graphite/epoxy, in areas never before used in helicopters—in rotor blades and transmission systems, as well as in fuselages—while also substantially employing new avionics systems on the flight decks, with extensive use of cathode ray tube displays replacing conventional instruments.

In production terms, the increasing use of new techniques, such as robotics, super-plastic forming and other methods, designed to speed production flows and reduce wastage and thus cut costs, are being or will be extensively employed.

The European helicopter industries are being pushed hard, however, by their U.S. counterparts, and it is widely believed in the U.S.—although disputed in Europe—that the U.S. helicopter industry, by virtue of its vast current and planned military programmes alone, will give the latter a competitive edge in world markets through the 1990s.

Undeniably, some of tha U.S. programmes either under way or planned are massive in terms of numbers. The U.S. Army's forthcoming LHX (Light Helicopter Experimental) programme, to find an aircraft that can perform a wide variety of missions on the battlefield, from anti-tank warfare through to surveillance and casualty evacuation, is intended to result in more than 7,000 aircraft, costing over $35bn. It is already drawing in all the main U.S. helicopter manufacturers.

The U.S. Army is expected to issue a detailed "Request For Proposals" statement by May 1986, based on responses to recent "Required Operational Capability" documents circulated throughout the U.S. industry.

Based on those responses, it is expected that the U.S. helicopter industry will split into two teams of two big companies each—involving combinations of Bell, Boeing-Vertol, Hughes and Sikorsky—to work on rival studies to meet the LHX requirement.

Eventually, however, so big is the requirement, that it is expected that every element in the U.S. helicopter industry will be in some way involved.

The LHX is a radical requirement by any standards. It will call for the use of composite materials throughout the entire structure, new powerplants, and advanced avionics (including automatic computer-controlled flying, leaving the single pilot free to fight rather than fly his aircraft).

Subsidiary research programmes, already under way, are already generating information in all these arenas, including, for example, the Advanced Rotorcraft Technology Integration (Arti) programme, that brings together conventional aerospace teams besides those in the helicopter industry.

LHX is not alone. Another dramatic new U.S. helicopter venture is the joint Bell-Boeing Vertol JVX "tilt-rotor" aircraft, now redesignated the V-22 programme. This is designed to result in a multi-mission aircraft for combat, search and rescue, assault, transport, support and other operations, with an eventual 1,000 aircraft envisaged, costing more than $15bn: the first flight is set for 1988, and deliveries to the U.S. Marine Corps in early 1991.

The special feature of the V-22 is the tilting rotor concept, with the rotors mounted on swivelling engines that can lift the aircraft near-vertically like a helicopter, but swivel in flight to provide conventional forward propulsion.

Banking and finance—the tip for the top

Professional Personal Computing

BY LOUISE KEHOE

"IF YOU can't beat them—specialise" has been the motto of many personal computer manufacturers over the past year. Faced with IBM's mounting dominance of the business personal computer market, other manufacturers have sought out niches where they hoped to prosper with little or no competition.

Suddenly several of these companies have discovered themselves back in the main arena of the personal computer market facing no less than market leader IBM as a competitor. Last week IBM made it clear that when "niches" widen into significant slices of the personal computer market it is not going to ignora them.

To prove the point IBM has launched a specialised version of its personal compnter designed for use in banks and other financial institutions. The PC 4700 is IBM's first "vertical market" PC prodnct, but it could be the first of many according to industry analysts.

The "banking PC" is based on the PC XT and according to IBM addresses the need for a machine that can play a dual role as a stand-alone personal computer or a mainframe terminal. It combines the usa of standard personal computer applications—spreadsheets and word processing for example—with access to data from the bank's main computers.

Banks and financial institutions represent one of the largest "specialist" groups of personal computer users. In the U.S., according to Future Computing of Dallas, Texas, 13.9 per cent of banking and finance workers already use personal computers. The market researchers expect this segment to be ona of the fastest growing.

IBM's new banking PC is tailored to the needs of branch officials who deal with loan applications, open new accounts and generally handle the more complex but routine consumer banking processes. In a typical transaction, a loan officer in a branch office can use the 4700 PC to enter initial information on a new car loan and send it to tha branch "controller" computer for local storage.

When the customer comes back with the exact price of his new car the officer finds the loan in the controller data base, enters the amount of the loan sends the completed information to the host computer for final processing, and uses the 4700 PC to writa the customer a confirming letter.

Special features of the "banking PC" include a 107-key keyboard. In addition to a standard typewriter-style keyboard, the PC 4700 has 45 programmable keys that can be programmed to perform routine calculations.

Extras available to work with the PC 4700 include a keypad and magnetic stripe reader input devices and an output card that connects the personal computer to IBM's financial printer. Data encryption/decryption is also optional.

The U.S. price for a typical configuration is $4,000 with options ranging from $550 to $650. The PC 4700 will be available in the U.S. and Europe by mid-year.

One for the handyman

BY ALAN CANE

EARLY professional users of personal compnters, accountants for example who bought an Apple II to run a spreadsheet, were frequently shocked by the "technological" nature of their new business tool.

Bare circuit boards could be seen through the casing; minor modifications needed a soldering iron and a fair level of electronics skill.

Things have not changed too mnch. One of the most significant chapters in a new study from Macmillan Reference Paperbacks is entitled "How to expand your IBM PC," complete with diagrams showing how to tamper with the guts of the beast.

The study is Expanding and Networking Microcomputers (Macmillan Press £24.95) by Dennis Longley and Michael Shain.

They have already won a good reputation for thoroughness and detail with The Microcomputer Users Handbook, which is published annually.

Like the machines it covers, it is out of date almost before it is launched but it does provida in one compact source a comprehensive guide to most of the principal trends in microcomputing.

Tha new book covers the IBM PC and the Apple II and it is a useful guide to the huge number of "bolt on goodies" now available for these machines.

The list includes, for example, "Video van Gogh," a fancifully named plug in board from Tecmar which makes it possible to interface a conventional television camera with an IBM PC; for use, of conrse, in the turning of all sorts of visual information from signatures to assembly line components into the kind of data the computer can handle.

How do you build an IBM XT lookalike? All the bits are available from Quadram Corporation and Longley and Shain argue: "If a minimally configured PC is expanded to become an IBM XT lookalike, it will be significantly cheaper than an XT while remaining 100 per cent compatible.

For Apple owners the list includes speed enhancement, voice and sound and special purpose add-ons.

Microstar from WestStar, for example, turns the Apple II into a full featured, professional memory lighting control system for theatres.

Savvy from Excalibur Technologies makes it possible for the user to communicata with the Apple using his or her own words, phrases and expressions.

Networking, very much the fashionable topic, is dealt with in detail and there are copious lists of software packages and interfacing hardware.

Not a manual for the non-technical, then, but a substantial and valuable reference for the solder specialists.

Filmless camera from Japan

KONICA, the Japanese camera company, has demonstrated the prototype of a still camera that records images magnetically on a floppy disc instead of conventional film.

The camera uses a 0.5 inch array of charge-coupled devices (CCD) that give a picture with 180,000 pixels (basic picture elements). The pixel colour and intensity data is encoded digitally on to a 1.85 inch diameter floppy disc in a drive housed in the camera body.

Up to 50 pictures can be stored and the frame number is shown on a liquid crystal display. The disk is "played back" using a separate disc drive unit which can be directly connected to a television set.

Saved from the drain

WHEN Swan Housewares of Birmingham, England, installed a new electroplating line two years ago, it established electrical methods to recover metals from the rinse waters.

Now these techniques are saving the manufacturer about £28,000 a year while helping to protect the environment.

The company, one of the best known names in electric kettles in the UK, is using Chemelec cells for the recovery of copper and nickel. Chrome is recovered using an electrically heated evaporator.

About 3 kg of metallic copper is recovered weekly on the cathodes of the copper recovery cell and 35 kg of metallic nickel from the cathodes of the nickel cell. The recovered nickel is recycled in turn as anodes so saving about £9,000 a year in nickel anode purchases.

All that goes down the drain now, Swan says, is excess water.

The blueprint for the Blue Box.

American Express has a blueprint for the future: strong brand names, distributed through many different channels—all aimed at specific market segments. It is a design for growth and profit that is already being realized.

Its structural elements are financial and travel-related services. Its building site spans the world. And its foundations, firmly in place, rest on the bedrock of trust and service.

The American Express Blue Box is much more than a corporate insignia. It is a symbol of trust.

The American Express Blue Box holds the confidence of millions of people. They look to American Express brand names for better ways to make, use and protect their money. They depend on American Express brand names for convenience in travel.

In fact, in a recent survey, the *American Banker* found that people rate American Express products and services higher than those of any other top financial services firm in the United States.

American Express first won people's trust a century ago, when it delivered their funds, by railway and horseback, across the perilous American frontier. Today, in the time it took a 19th-century expressman to saddle up, our electronic networks can speed financial assets to almost any spot on the globe.

American Express capabilities have grown to help simplify life in a complex world. People know that American Express knows them. They understand that the Blue Box contains real answers to today's needs. And they can have confidence that our brand names will match their needs of tomorrow.

It's all in the blueprint for the Blue Box.

American Express Travel Related Services began the American Express tradition of reliable service in 1850 by moving freight.

Travel Related Services

Today, American Express Travel Related Services moves people and their buying power around the world. People know the quality behind each of its brand names—the American Express® Card, the American Express® Travelers Cheque, American Express® Travel Services—and they "don't leave home without it.®"

Over 20 million American Express Cards are now in circulation. Last year, people used them to purchase nearly $50 billion worth of products and services in over 150 countries.

We invented our Travelers Cheque in 1891 and sold $10,000 worth that year. In 1984, we sold more than $15 billion of American Express Travelers Cheques.

Our first travel service office was opened in Paris at the turn of the century. Today, a world network of over 1,200 offices serves travelers everywhere.

At American Express International Banking Corporation, the accent is on "international."

International Banking Corporation

The American Express International Banking Corporation helped American Express expand internationally following World War I. Today, 90 offices in 40 countries offer export financing, private banking and other select services.

The Bank's 1983 merger with the Trade Development Banks, a premier name in private banking, opened a new world of financial and travel-related services to affluent individuals around the globe.

That merger has served the Bank well, too. In return on assets and return on equity, it ranks among the top performers of banking internationally.

Shearson Lehman Brothers Inc. evolved from a series of strategic acquisitions into an organization of unique character and capability.

SHEARSON LEHMAN BROTHERS

The most recent combination was Shearson's merger with Lehman Brothers Kuhn Loeb. They began in 1850 as a general store in Montgomery, Alabama and grew to be one of the world's foremost investment banking franchises.

Today, Shearson Lehman Brothers Inc. melds this investment banking strength with a broad-based, soundly capitalized trading capacity and a global distribution network. Over 5,000 professional Financial Consultants provide clients with the wide range of financial products and services they require to meet their personal investment objectives.

Shearson Lehman Brothers Inc. is the brand name of choice for "the serious investor."

IDS Financial Services Inc. and its subsidiaries have earned people's trust, through outstanding financial advice and services, since 1894.

IDS Personal Financial Planners

The 4,500 representatives of IDS provide financial plans and products that stand the test of time.

The 17 mutual funds managed and distributed by IDS have nearly $10 billion in assets. Individual life insurance in force totals nearly $14 billion. And the investment certificate operation remains the oldest and largest in the industry.

Since joining American Express last year, IDS has become a high-profile company. Now, millions more Americans are acquainted with IDS.

They're recognizing what longtime customers have always known. A move to IDS, as spokesman Jason Robards says, "could be the best investment you'll ever make."

Fireman's Fund Insurance Companies was born in San Francisco in 1863 during the rough-and-tumble days that followed the Gold Rush.

FIREMAN'S FUND INSURANCE COMPANIES

Fireman's Fund Insurance Companies was organized to provide protection against the frequent fires that ravaged the city. And each year one-tenth of its earnings was donated to volunteer fire companies. A practice that gave the insurer its name.

Special attention to underwriting standards and risk reduction has characterized Fireman's Fund ever since.

Today, Fireman's Fund is the eighth-largest property-liability insurer. With a nationwide network of branches, staffed to provide quality service and reliability to their customers.

Fireman's Fund also has one of the industry's largest staffs of loss control and industrial hygiene professionals to help customers protect property and avoid injuries to people.

Fireman's Fund's life insurance subsidiary is one of the fastest growing U.S. life insurers. A position reached in large part by marketing to customers of *other* American Express companies.

That's the kind of impact that American Express brand names have.

The brand names contained in the Blue Box are all part of the American Express family of companies. Each is positioned to address different segments of the financial services market.

This is a market that exceeds $11 trillion in household assets in the United States alone.

AMERICAN EXPRESS®

With that market before us, we demand a lot from our brand names. To stand alone, individually. And in combination, through what we call "cross-marketing"—delivering the services of one company through the distribution channels of another.

That kind of flexibility allows American Express brands to meet all our customers' changing needs, at every stage of their personal and business lives.

Our blueprint for the Blue Box presents an ambitious plan.

We will continue to build multiple brands that appeal to multiple markets. We will continue to target the market segments that seem most promising. And we will continue to provide superior personal service.

In a changing world, our values remain constant: integrity... quality... service.

Our record shows that we have delivered in the past.

Our blueprint shows that we will also deliver in the future.

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The American Express Blue Box holds the confidence of millions of people. They look to American Express brand names for better ways to make, use and protect their money. They depend on American Express brand names for convenience in travel.

In fact, in a recent survey, the *American Banker* found that people rate American Express products and services higher than those of any other top financial services firm in the United States.

American Express first won people's trust a century ago, when it delivered their funds, by railway and horseback, across the perilous American frontier. Today, in the time it took a 19th-century expressman to saddle up, our electronic networks can speed financial assets to almost any spot on the globe.

American Express capabilities have grown to help simplify life in a complex world. People know that American Express knows them. They understand that the Blue Box contains real answers to today's needs. And they can have confidence that our brand names will match their needs of tomorrow.

It's all in the blueprint for the Blue Box.

American Express Travel Related Services began the American Express tradition of reliable service in 1850 by moving freight.

Travel Related Services

Today, American Express Travel Related Services moves people and their buying power around the world. People know the quality behind each of its brand names—the American Express® Card, the American Express® Travelers Cheque, American Express® Travel Services—and they "don't leave home without it.®"

Over 20 million American Express Cards are now in circulation. Last year, people used them to purchase nearly $50 billion worth of products and services in over 150 countries.

We invented our Travelers Cheque in 1891 and sold $10,000 worth that year. In 1984, we sold more than $15 billion of American Express Travelers Cheques.

Our first travel service office was opened in Paris at the turn of the century. Today, a world network of over 1,200 offices serves travelers everywhere.

At American Express International Banking Corporation, the accent is on "international."

International Banking Corporation

The American Express International Banking Corporation helped American Express expand internationally following World War I. Today, 90 offices in 40 countries offer export financing, private banking and other select services.

The Bank's 1983 merger with the Trade Development Banks, a premier name in private banking, opened a new world of financial and travel-related services to affluent individuals around the globe.

That merger has served the Bank well, too. In return on assets and return on equity, it ranks among the top performers of banking internationally.

Shearson Lehman Brothers Inc. evolved from a series of strategic acquisitions into an organization of unique character and capability.

SHEARSON LEHMAN BROTHERS

The most recent combination was Shearson's merger with Lehman Brothers Kuhn Loeb. They began in 1850 as a general store in Montgomery, Alabama and grew to be one of the world's foremost investment banking franchises.

Today, Shearson Lehman Brothers Inc. melds this investment banking strength with a broad-based, soundly capitalized trading capacity and a global distribution network. Over 5,000 professional Financial Consultants provide clients with the wide range of financial products and services they require to meet their personal investment objectives.

Shearson Lehman Brothers Inc. is the brand name of choice for "the serious investor."

IDS Financial Services Inc. and its subsidiaries have earned people's trust, through outstanding financial advice and services, since 1894.

IDS
Personal Financial Planners

The 4,500 representatives of IDS provide financial plans and products that stand the test of time.

The 17 mutual funds managed and distributed by IDS have nearly $10 billion in assets. Individual life insurance in force totals nearly $14 billion. And the investment certificate operation remains the oldest and largest in the industry.

Since joining American Express last year, IDS has become a high-profile company. Now, millions more Americans are acquainted with IDS.

They're recognizing what longtime customers have always known. A move to IDS, as spokesman Jason Robards says, "could be the best investment you'll ever make."

Fireman's Fund Insurance Companies was born in San Francisco in 1863 during the rough-and-tumble days that followed the Gold Rush.

FIREMAN'S FUND
INSURANCE COMPANIES

Fireman's Fund Insurance Companies was organized to provide protection against the frequent fires that ravaged the city. And each year one-tenth of its earnings was donated to volunteer fire companies. A practice that gave the insurer its name.

Special attention to underwriting standards and risk reduction has characterized Fireman's Fund ever since.

Today, Fireman's Fund is the eighth-largest property-liability insurer. With a nationwide network of branches, staffed to provide quality service and reliability to their customers.

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Fireman's Fund's life insurance subsidiary is one of the fastest growing U.S. life insurers. A position reached in large part by marketing to customers of *other* American Express companies.

That's the kind of impact that American Express brand names have.

The brand names contained in the Blue Box are all part of the American Express family of companies. Each is positioned to address different segments of the financial services market.

This is a market that exceeds $11 trillion in household assets in the United States alone.

AMERICAN EXPRESS®

With that market before us, we demand a lot from our brand names. To stand alone, individually. And in combination, through what we call "cross-marketing"—delivering the services of one company through the distribution channels of another.

That kind of flexibility allows American Express brands to meet all our customers' changing needs, at every stage of their personal and business lives.

Our blueprint for the Blue Box presents an ambitious plan.

We will continue to build multiple brands that appeal to multiple markets. We will continue to target the market segments that seem most promising. And we will continue to provide superior personal service.

In a changing world, our values remain constant: integrity . . . quality . . . service.

Our record shows that we have delivered in the past.

Our blueprint shows that we will also deliver in the future.

AMERICAN EXPRESS®

American Express Company

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UK NEWS

Japan to be told British car sales may drop 2%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAPANESE vehicle manufacturers will be told the UK industry expects car sales this year to fall by nearly 2 per cent, from 1.749m last year to 1.72m.

The Society of Motor Manufacturers and Traders expects, however, registrations of light commercial vehicles to improve from last year's level of 212,800 to 214,000.

These forecasts are an important element in the annual discussions between the society and the Japanese Automobile Manufacturers Association (Jama). The Japanese rely heavily on them when deciding how many cars and light commercials to ship to the UK under the terms of the gentlemen's agreement between the two industries.

It is a near-certainty that Jama will renew its pledge to take a "prudent" view of the UK car and light commercial sectors – which in practice has resulted in the Japanese share of the car market being limited to about 11 per cent.

Last year, Japanese car registrations in the UK improved from 191,378 to 194,330, representing 11.11 per cent of the market, but this slight advance of the Japanese percentage caused no alarm within the British industry.

Registrations of Japanese light commercial vehicles increased from 29,100 to 30,700 last year.

British concern about light commercials as well as cars developed in 1981 when the Japanese share of the car-derived and other light van sector jumped from 10.8 per cent to 16.4 per cent and of the panel van sector from 13.2 per cent to 18.8 per cent within 12 months as the Japanese looked for ways to offset the restrictions on car shipments.

There was a sharp drop in the Japanese market share in 1982, but since then it has risen from 11.5 per cent to 13.6 per cent for car-derived and other light vans and from 12 per cent to 14.4 per cent for panel vans.

The talks are taking place this week in Ito, a resort town south west of Tokyo. They were first established in 1975 to provide BL with some breathing space for recovery.

Leading the two delegations are Mr Takashi Ishihara, Jama chairman, and Mr Harry Hooper, president of the UK society.

Pay curb warning to unions

By Brian Groom

MR. ROY HATTERSLEY, deputy leader of the Labour Party, told the union movement yesterday that the speed et which e future Labour Government could reduce unemployment depended on the willingness of trade unions to accept pay restraint.

Addressing the annual meeting of the Amalgamated Union of Engineering Workers in Eastbourne, he outlined the Labour leadership's vision of an even closer relationship with the unions. He talked of a contract, but one in which the unions must participate in making hard economic decisions.

He said: "I repeat to you the promise which I made to the Labour Party conference. I have no intention of advocating, even less of introducing, either a statutory incomes policy or an incomes policy which – although theoretically voluntary – is dependent upon coercion."

When a Labour Government provided a massive boost to the economy, the more that could be channelled into investment, training and job creation, the more rapidly unemployment would fall. The movement had to decide how the new resources were shared between wages, public services and jobs.

"My own hope is that the overwhelming majority will be concentrated on jobs. But I cannot make the choice alone. On my own, I cannot make this choice et all. It has to be made in partnership. Your decision about the speed with which we reduce unemployment is probably more important than mine, but together we have to face it."

Speaking optimistically of Labour's general-election chances, he emphasised the need for realism, and not promising more than the party could deliver or the economy afford.

Stronger pound stalls tube price rise

THE SHARP rise of the pound against the D-Mark in recent weeks has given the British Steel Corporation a case of the jitters over a planned 3 per cent price increase next month on welded tubes and structural hollow sections, Ian Rodger writes.

"They sent out a new price list last week," one large customer said yesterday. "But then they phoned to tell us they had not finally decided whether to implement it or not."

BSC Tubes, the tube-making division of BSC, always faces strong competition from European makers of such products, and the rise in the value of sterling has given continental producers an additional edge in the UK market. The pound has risen more than 7 per cent against the D-Mark in the past two months.

BSC Tubes declined to comment on its pricing difficulties, but it may be especially concerned about the plans of Voest-Alpine of Austria, which has a large share of the UK market for hollow sections.

Voest said yesterday it would definitely be raising its UK prices next month, and it hoped to raise them more than 3 per cent. The amount depended on developments in the foreign exchange markets. A decision would be made on May 8.

BSC Tubes may also be concerned that European and other tube makers will start moving tonnages into Britain that they would previously have tried to ship to the U.S. The U.S. has recently concluded restraint agreements with most leading steel-producing countries. In the cases of the EEC countries, that has involved a sharp reduction in allowed shipments of tubes.

Also, tubes and hollow sections are not included in the European Commission's restructuring programme for the EEC steel industry, and so output, prices, market shares and imports of them are not restricted in any way.

□ **COURTAULDS**, the textiles group, rejected criticism by a Tory MP of its planned closure of two plants in North Wales, which will result in the loss of 1,100 jobs.

Mr Keith Raffan had described the forthcoming shutdowns, in Wrexham and Greenfield, as "the unacceptable face of capitalism." Courtaulds said it had acted on the basis of "industrial and commercial logic."

□ **DENG XIAOPING**, China's leader, has ordered wallpaper from the Lancashire company of Graham and Brown to redecorate his office and VIP lounge.

□ **LABOUR PARTY** and the trade unions are laying out a new economic strategy for Britain which will form a leading part of their platform at the next general election. It abandons any detailed mechanism for reaching agreement on incomes.

The draft agreement was endorsed yesterday by the Trades Union Congress/Labour Party liaison committee. An indication of a new relationship between Labour and the unions was given by Mr Roy Hattersley, deputy leader of the party in an address to the engineering union. **Report, Page 10**

□ **MOST** of the 6,000 industrial workers at Rosyth Royal Naval Dockyards, Fife, stopped work for half a day at noon yesterday in response to government plans to hand Rosyth and Devonport Dockyards over to commercial management.

Several hundred Ministry of Defence workers at three naval depots in Fife and Lothian also stopped work in support of the action.

Those stoppages follow a walkout last week at Devonport by more than 10,000 blue-collar workers.

□ **AIRSHIP INDUSTRIES**, a subsidiary of the Australian Bond Corporation, has sold one of its Skyship 600 series of airships for £4m to Canadian Engineering Surveys.

The company has already sold one Skyship 600 to Nikko Trading Company, a subsidiary of Japan Air Lines, which has also stated its intention of buying two more Skyship 600s before the end of 1986.

Other airships have been leased to the French navy and the U.S. coast guard for maritime surveillance.

Outlook better for retail sales after March rise

BY MAX WILKINSON AND DAVID CHURCHILL

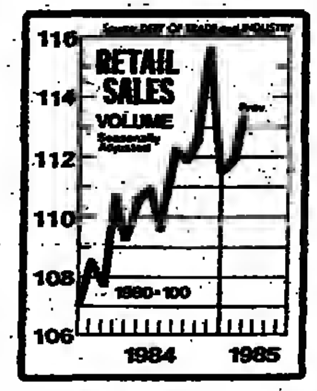
SPENDING in shops recovered sharply in March after some apparent slowing down at the beginning of the year, according the latest provisional estimate issued by the Department of Trade and Industry yesterday.

The figures showed a 1 per cent rise in the volume of retail sales between February and March to bring the level back up to that achieved in the final quarter of 1984.

This recovery followed some falling off in January after an exceptionally buoyant level of sales in December, even allowing for the normal Christmas boom.

However, the most recent surveys of the retailing industry by the Confederation of British Industry and the Financial Times suggest that the underlying trend of sales has remained buoyant and that the outlook is good.

Some observers had expected that a rise in mortgage interest rates and the steeper increase in prices recently would have a subduing influence on sales. Those factors do not appear to have had a heavy impact so far, however.



Although sales in the three months to March were 1 per cent lower than in the previous three months, the level was still 4 per cent higher than in the first three months of 1984.

Retailers throughout the UK were confident yesterday that sales would remain buoyant for the next few months. "The March figures were very good and we are very optimistic about the future level of retail sales," the Retail Consortium, which represents the bulk of retail trade, said yesterday.

Feasibility contracts awarded for long-range missile

BY LYNTON McLAIN

THE UK, West Germany and the U.S. have taken a further step towards the production of a long-range stand-off missile, a second-generation cruise missile for attacking enemy airfields and installations. The proposed new missile will be designed for launch from the ground or aircraft, just like the existing cruise missiles.

Two consortia of aerospace companies from the three countries have been chosen by the U.S. Department of Defence to carry out feasibility studies into the new missile.

The first group is led by General Dynamics and includes Hunting Engineering as the lead UK contractor and Thorn EMI Electronics, the UK's leading private-sector designer and maker of electronic fuses, and Dornier es lead contractor in West Germany.

A part of Boeing Aerospace in the U.S. is to lead a group including British Aerospace and GEC Avionics in the UK and Messerschmitt-Bölkow-Blohm of West Germany.

The choice of consortia led by General Dynamics and Boeing eliminates a third bidder for the feasibility study contracts. That was a consortium led by McDonnell Douglas of the U.S. and joined by Marconi Defence Systems in the UK and by Bodenseewerk Gerätetechnik of West Germany.

The long-range stand-off missile is designed to enable attack aircraft, such as the Anglo-German-Italian Tornado, to destroy enemy airfields and other heavily defended installations without overflying the target. There is increasing concern in air force circles that Tornado might be vulnerable to attack if it relied exclusively on conventionally dropped bombs to destroy targets.

The missile is to be conventionally armed. Industrial feasibility studies are to last 15 months. They follow a memorandum of understanding signed by the UK, U.S. and West Germany last July.

The two winning consortia will fight bitterly to win the eventual development contract for the missile, as work valued at hundreds of millions of dollars will be at stake, according to one of the companies awarded the feasibility study contract, last night.

The full-scale production contract for the new missile will be worth substantially more, possibly billions of dollars, if it goes ahead, as seems likely in view of the growing threat to the survivability of existing highly expensive aircraft launch platforms.

Iveco (UK) boosts earnings by 12.5%

By Kenneth Gooding

THE BRITISH subsidiary of Iveco, the Fiat-owned group thet is Western Europe's second-largest heavy truck producer, boosted its net profit by 12.5 per cent, from £2.7m in 1983 to £3.036m last year.

That consolidates the UK company's recovery after three years (1980-82 inclusive) when its losses totalled £14m.

Mr Alan Fox, chief executive of Iveco (UK), reported that the company had made record vehicle sales in the first quarter of 1985 and should be able to continue its progress on the financial front as well.

Currency exchange rates between the UK and Italy, West Germany and France, where Iveco produces its vehicles, had moved in favour of the British company, "so the 1985 profit should not be lower than that for 1984."

However, costs were rising in Italy and if Iveco (UK) was to make much more than a £3m net profit this year it would have to find a way of recovering those costs.

The UK company's turnover last year rose 25 per cent from the 1983 level – from £44.55m to £55.17m – and operating profit was up from £3.9m to £4.1m.

Charter for Jobs set to 'reverse defeatism on joblessness'

BY OUR POLITICAL STAFF

THE all-party Charter for Jobs was formally launched in London yesterday with the aim of forcing the Government to do more to reduce unemployment.

The charter and associated Employment Institute have been set up because the 115 founders want "to reverse the tide of defeatism about unemployment and to re-establish the notion that government policies do and can affect unemployment for good or ill," Sir Richard O'Brien, the chairman of the trustees of the new campaign, said.

The launch was deliberately low-key, involving only Sir Richard O'Brien, Professor Richard Layard of the London School of Economics, the chairman of its executive committee, and Mr John Shields, the director and a former Treasury economist.

None of the prominent politicians who back the campaign appeared at the press conference. That was apparently in an attempt to concentrate attention on policies rather than on any differences of emphasis between the political supporters.

Newspaper advertisements calling on the public to sign the charter will appear this week.

The charter involves the commitment to proposals for direct government action to reduce unemployment, to lower taxes on jobs, increased spending to renovate cities and a job guarantee for the long-term unemployed.

The institute will undertake a number of research projects focusing on the structure of the labour market, policies adopted in other countries and on how a job guarantee scheme might work.

Sir Richard denied that the campaign was a front for the SDP and pointed to the wide range of representatives from politics, business, the trade unions, universities and journalism.

However, only a handful of Tory MPs, all senior former ministers, are involved. On the Labour side, while some members of the Shadow Cabinet and TUC leaders are sponsors, other Labour MPs are more critical.

Mr John Prescott, the opposition employment secretary, questioned whether the new group was truly non-political and said there was a danger that it might depict Labour's policies as extremist, since Labour was committed to full employment and the charter did not include any reference to that aim.

Brokers may block SE vote

By John Moore, City Correspondent

SMALL stockbrokers are considering a campaign to block a key reform at the stock exchange that would allow outside financial groups to own 100 per cent of stock exchange firms.

Mr Derek Greenwood, a partner with stockbroker Seymour Pierce, has called together a steering committee of small brokers in an effort to consider tactics for a crucial vote at the stock exchange on June 4.

At that meeting the 4,500 members of the stock exchange are to decide the future structure of the exchange and vote on changes that would allow the full control of firms by outside groups. Outsiders are at present limited to a holding of no more than 29.9 per cent.

Sir Nicholas Goodison, chairman of the stock exchange, is seeking a simple majority of those voting to relax the rule and allow outsiders to own 100 per cent.

"It is a little unfair that outsiders are coming into the market who are able to take decisions without being challenged by other parties," Mr Greenwood said yesterday. "I should love to see the majority on ownership not achieved."

Mr Greenwood held a meeting of the steering committee last week. The committee consists of stock exchange members from stockbrokers Paul E. Schweder Miller, Margetts & Addenbrooke, Illingworth & Henriques, Walter Crips Weddle Beck, Albert E. Sharp, and Schaverein and Co.

It was formed last year in an effort to slow down the pace of change taking place at the stock exchange and to ensure that the small brokers were represented in the decisions formed by the exchange's ruling council. A strong lobby organised by the committee last year gained the election of three members of the smaller firms to the stock exchange ruling council.

The steering committee is canvassing the market at present to see whether there is enough support for a formal meeting of possible dissident members to discuss any campaign.

The committee might attempt to ensure that other representatives from its ranks are elected to the stock exchange ruling council. A notice for nominations to the council is due to be posted on Thursday and the list will close on June 11. If the number of nominations exceeds the number of places available on the council, an election will take place on June 20.

Chicago plans FT-SE index futures contract

BY ALEXANDER NICOLL

THE CHICAGO Board of Trade expects to begin trading a futures contract based on the London FT-SE 100 Stock index in the first half of next year. Plans, announced earlier this year, are to be formally lodged in the next few weeks with the Commodity Futures Trading Commission.

The contract – the first to be formulated in the U.S. based on a non-U.S. index – will be denominated in dollars and would be worth about $65,000 (£50,000) at present index levels. The unit of trading will be $250 times one-fifth the level of the index, currently just below 1,300.

The FT-SE 100 reflects the share movements of the 100 largest UK companies by market capitalisation. A futures contract based on the index is already traded on the London International Financial Futures Exchange (Liffe).

Index futures enable investors to hedge against or speculate on movements in the equity market. The Chicago contract is aimed at U.S. investment managers and individuals who invest in UK equities.

Futures contracts enable the purchase or sale of a fixed amount of an underlying commodity at a specified time in the future. An index future, however, has no underlying commodity and is therefore settled in cash. Most futures contracts do not run to delivery as positions are closed out before the contract expires.

UK NEWS

Miners' leaders move to regain control of funds

BY RAYMOND HUGHES AND PHILIP BASSETT

MINERS' LEADERS decided yesterday to take steps to regain control of the funds lost to the union by its defiance of the High Court.

After a delegate conference of the Natiooal Union of Mineworkers, Mr Trevor Bell, leader of Cosa, the white-collar section, said it had been agreed to get money back from overseas "in order that our members' funds should not any longer be subject to the costs of litigation and administration being charged against it. We feel the funds have been run down sufficiently already."

Another delegate said that Mr Michael Arnold of chartered accountants Arthur Young, the court-appointed receiver of the NUM assets, would be informed of the decision to bring back the money.

Mr Bell said be understood a sum of £6.5m was being held in Luxembourg, Dublin and Zurich.

In fact, only £2.75m of NUM funds remains overseas, frozen in a Dublin bank account and awaiting a ruling by the Irish High Court on who is entitled to it.

The union would have to apply to the Dublin court for the freezing order to be lifted, and would probably have to undertake to hand the money over to Mr Arnold or, more likely, four partners in Price Waterhouse, the High Court-appointed sequestrators.

Mr Arnold is holding about £217,000 released to him by a Zurich bank this month and £4m he recovered from Luxembourg in February.

The first thing the union will have to do is to sign an undertaking not to take legal action against Nobis-Finanz International, the Luxembourg bank that handed union funds over to Mr Arnold.

Until that is done, the £4m is blocked to cover an indemnity given by insurers on Mr Arnold's behalf to the bank, in case it were to be sued by the NUM for parting with the mooey.

Mr Arnold would then be able to go to the High Court and seek directions about what he should do with the money – more particularly, whether be should hand it over to the union.

The court would almost certainly say that if the union wanted its funds back it must first purge its contempt of court that led to the imposition of a £200,000 fine and sequestration.

The delegate conference also endorsed the union's acceptance of a two-year pay deal that will give miners an average increase of 12.5 per cent.

Mr Arthur Scargill, NUM president, said the deal – 5.2 per cent for 1983-84, a further similar rise for 1984-85 and consolidation into basic of 47p a shift – was accepted with only one vote against.

The union will now press for a "substantial" increase to follow that, when the agreement accepted yesterday runs out in October.

Kinnock pledges to drive out hospital services contractors

BY DAVID BRINDLE, LABOUR STAFF

A LABOUR Government would drive contractors out of the National Health Service (NHS) by restoring full direct provision of support services in place of competitive tendering, Mr Neil Kinnock, the Labour Party leader, said yesterday.

In a policy speech on the health service he also pledged to make good – although by stages – the slippage in ourses' pay, which he said had fallen by 20 per cent in real terms since 1980.

He restated Labour's aim of 3 per cent annual growth in NHS resources. Significantly, however, he made the point that that would be below the level achieved by Labour and Conservative governments during the 1950s and 1960s.

Mr Kinnock was addressing the annual congress at Bournemouth of the Royal College of Nursing, which bas this week told its members to compile reports on the failings of contractors who provide cleaning, catering and laundry services under the Government's competitive tendering programme.

Mr Kinnock was warmly applauded when he said the programme had meant the dismissal of experienced support workers, wage cuts and reduced standards of cleanliness. The expectation had been that nurses would cover up for the deficiencies.

He said Labour promised to restore nurses' income to the level of 1980. His commitment came two weeks after Labour made a similar pledge to teachers, although again the commitment carried the rider that restoration would be in "systematic and agreed stages."

A 20 per cent increase would add about £660m to the present pay bill for nurses of £3.3bn and Mr Kinnock said to make a commitment to a single award of that size would be "absurd."

Tesco launches own-brand cigarette

BY LISA WOOD

TESCO, one of Britain's largest supermarket chains, has launched an own-label cigarette in the fast growing cheaper end of the cigarette market.

During the past two years, own-label cigarettes selling at significantly lower prices than brand leaders have secured nearly 4 per cent of the £6bn a year UK cigarette market.

The Tesco Virginia king-size cigarettes, priced at 99p for 20 while pre-budget stocks last, are being sold through about 350 cigarette kiosks in stores, operated by a Tesco concessionaire.

A Tesco official said: "There appears to be a commercial opportunity in this niche of the cigarette market. We do not feel we are entering a price war but rather that we are introducing just another own-label line." Tesco at present offers about 60 per cent of its products in own-label ranges.

The own-label sector of the declining UK cigarette market has expanded rapidly over the past two years with more than 20 brands now in circulation. Individually, brand shares are small, with no one own-label cigarette taking more than 1 per cent of the market. One of the first own-label cigarettes was introduced by Victoria Wine, the Allied Lyons off-licence subsidiary and the company's own-brand cigarettes now account for about 15 per cent of total cigarette sales in its outlets.

Mr Nyren Scott-Malden, of stockbrokers De Zoete and Bevan, said the cheaper sector of the cigarette market, including brands such as Sovereign, sold by Gallaher, accounted for about 8 per cent of the total UK cigarette market.

"This cheap sector, including own-label, could increase to around 10 per cent in the near-future," Mr Scott-Malden said. He said, however, that with the budget adding 6p to a packet of 20, the market's growth might be affected by increases taking prices above the £1 barrier.

Many of the own-label products sold in Britain are manufactured on the Continent by European companies with spare capacity. UK cigarette manufacturers, such as Imperial Tobacco, have not entered the own-label sector with its low profit margins.

Aircraft groups in engine venture

By Michael Donne, Aerospace Correspondent

ROLLS-ROYCE has signed an agreement with two European engine companies, Turbomeca of France and Motoren und Turbinen Unioo of West Germany, for future collaboration on small gas-turbine engines for helicopters and fixed-wing aircraft.

The aim is to promote the sale of three new engines under development by the companies. They are the Rolls-Royce RTM-322, a joint venture with Turbomeca; the TM-333, under development by Turbomeca; and the MTM-385, under development by MTU and Turbomeca.

The engines cover the power range up to about 2,100 horsepower, but derivatives of them would carry this up to about 3,200 horsepower.

Other European small-engine manufacturers may be invited to join the consortium.

The pact, the European Small Engines Co-operation Agreement, is designed to preserve the independent and competitive European capability for designing, developing and manufacturing small gas-turbine engines, primarily for helicopter use but also as turboprop and turbofan engines for small fixed-wing aircraft, such as business aircraft.

The pact was signed by Mr Ralph Robins, managing director of Rolls-Royce; Mr Gerard Pertica, vice-president of Turbomeca; and Mr Hans Dinger, vice-president of MTU.

Bell cuts shipping workforce

By Andrew Fisher, Shipping Correspondent

BELL LINES, the Irish-flag shipping company that operates container services between Ireland, the UK and northern Europe, is making 100 sea and shore staff redundant after losing I£250,000 (£203,000) last year.

The loss, after profit of I£1.5m the previous year, came mainly in the second half as a result of the UK dock strikes, ship repair costs and the strength of the dollar. Unlike deep-sea shipping operators, Bell lacks dollar revenues to offset its dollar-based fuel and container financing costs.

The job reductions, to be carried out as far as possible on a voluntary basis, will affect 50 of the 150 seafarers and 50 of the 800 shore staff and be spread between Ireland, the UK and cootinental Europe.

Bell Lines, part of the privately owned George Bell group, wants to bring its crewing levels down to those of the efficient West German coastal ship operators, Mr George Hollwey, the chairman, said.

Bell's small container ships have crews of up to 20 people, several more than vessels operating out of Hamburg or Bremen, be added. The company has a fleet of eight ships, two of which were lengthened at a cost of I£1m last year.

Mr Hollwey, whose family owns Bell, said the present action was "initially to ensure the survival of the company and then to get back to the sort of profit level we need to maintain and improve our business."

This year, Bell Lines hopes to make a profit. The first half of 1984 produced a profit of I£750,000, which was more than wiped out in the second six mooths.

BASE LENDING RATES

A.B.N. Bank	13 %	C. Hoare & Co.	12¾%
Allied Irish Bank	12¾%	Hongkong & Shanghai	12¾%
Henry Ansbacher	12¾%	Johnson Matthey Bkrs.	13 %
Amro Bank	13 %	Knowsley & Co. Ltd.	13¼%
Associates Cap. Corp.	14 %	Lloyds Bank	12¾%
Banco de Bilbao	12¾%	Edward Manson & Co.	14 %
Bank Hapoalim	12¾%	Meghraj & Sons Ltd.	13 %
BCCI	13¼%	Midland Bank	12¾%
Bank of Ireland	13¼%	■ Morgan Grenfell	13 %
Bank of Cyprus	12¾%	Mount-Credit Corp. Ltd.	12¾%
Bank of India	12¾%	National Bk. of Kuwait	12¾%
Bank of Scotland	12¾%	National Girobank	13 %
Banque Belge Ltd.	12¾%	National Westminster	12¾%
Barclays Bank	12¾%	Northern Bank Ltd.	13 %
Beneficial Trust Ltd.	13¼%	Norwich Gen. Trust	12¾%
Brit. Bank of Mid. East	12¾%	People's Trust	14 %
■ Brown Shipley	13 %	Provincial Trust Ltd.	13¼%
CL Bank Nederland	12¾%	R. Raphael & Sons	12¾%
Canada Permanent	12¾%	P. S. Refson	13 %
Cayzer Ltd.	13¼%	Roxburghe Guarantee	13¼%
Cedar Holdings	14 %	Royal Bank of Scotland	12¾%
■ Charterhouse Japhet	12¾%	Royal Trust Co. Canada	12¾%
Choulartons**		■ Henry Schroder Wagg	12¾%
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THE ARTS

Behold the Sun/Duisburg

Max Loppert

The Deutsche Oper am Rhein, that model German company based in the Rhine cities of Düsseldorf and Duisburg, this year celebrates its 25th anniversary. To mark the occasion, a second opera was commissioned from Alexander Goehr (curiously, it was an earlier German commission, from Hamburg, that brought his first, *Arden must die*, into existence). A new work by one of the three leading British composers of the middle generation always arouses special interest. How much more so the new opera, *Behold the Sun*, given last Friday its première as *Die Wiedertäufe* (*The Anabaptists*): for it comes as the climax of all Goehr's recent compositional activity, the broad stream into which various past tributaries of thought and sound can be heard to flow.

Goehr has taken as his subject the Anabaptist uprising in Münster in 1534, which was followed by the town siege and the establishment therein of the "kingdom" ruled over by the Anabaptist leader, Jan Bokelson of Leyden. From this Meyerbeer and Scribe had previously made their *Prophète*; it was, however, easy enough to put the world of Meyerbeerian *grand opéra* out of mind in *Behold the Sun*, for between the two composers and works lie more than just 135 years. In an interview with Bayan Northcott (published in this month's *Opera*), Goehr relates how an interest in Messianism had long preceded his actual commencement upon this project.

But it was the final chapter of Norman Cohn's brilliantly perspicacious and illuminating [illegible] of millenarian Christianity, *The Pursuit of the Millenium* [illegible] that helped most to crystallise the conception of a large-scale music-dramatic work — whether opera or oratorio was at first undecided —treating the Anabaptist phenomenon and taking up the themes of religious fundamentalism and revolutionary mysticism which it offers. (Goehr admits that in the early 1970s he could not have foreseen how newly topical the subject might grow to be in the era of Khomeini and Jonestown.

As the conception focused itself into an opera, Goehr (assisted in his shaping of the libretto by the playwright John McGrath) determined upon a form that would accommodate all his various specific artistic preoccupations, priorities, and influences—from Brecht and Hindemith (whose joint *Lehrstück* suggested possibilities of approach), from the 18th-century Baroque oratorio in its Bachian and Handelian summations, from Schoenberg's *Moses und Aron*

The result can — and I think should — be called opera-oratorio, even if Goehr himself has resisted that admittedly rather incommodious label. In three acts sub-divided into 10 scenes, various key points in the growth, decadence into fantasy and violence, and final collapse of the Anabaptist ideal are flagged.

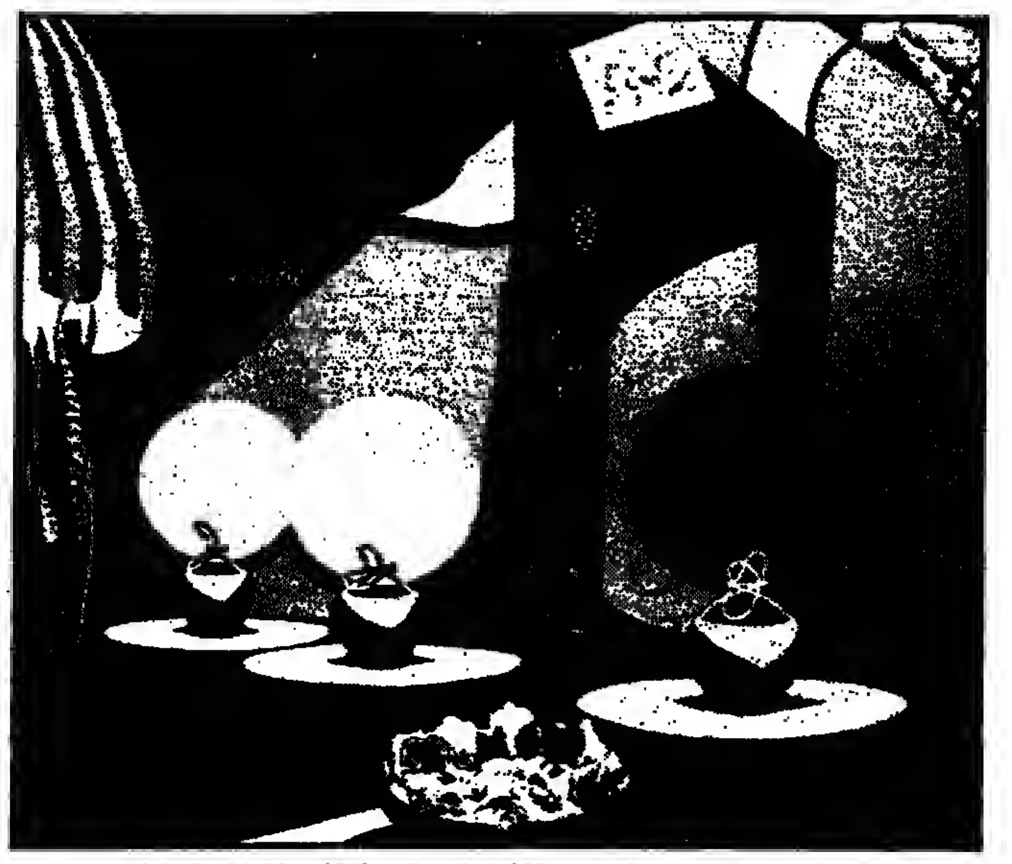
The opening scene shows the grip of the new belief growing in the mind of an exemplary Münster townswoman. Mrs Berninck; thereafter, the historical personages of the Anabaptist prophets, Matthys (baritone) and Bokelson (tenor), are introduced, and a series of formal tableaux follow the events to their conclusion using the full machinery of orchestra and chorus (called *turba* as in the Bach Passions). The heroine, Divara (soprano), is an elaboration upon history: she was Matthys' wife and after his death Bokelson's queen, but here she also serves as vessel of the genuine idealism and fervour involved in the uprising.

Behold the Sun has been a decade, at least, in the making. Alongside its creation Goehr composed several concert works now "explained" in the opera's larger context; these include the choral work *Babylon the great is fallen* and the high-soprano concert aria also called *Behold the Sun* (in fact an excerpt from the opera's second scene, where it functions as the visionary outburst of Mrs Berninck's son, Christian).

In all these works Goehr has established a compositional practice quite apart from what he has termed the 20th-century Expressionist tradition. He has discovered ways of reviving not just the forms (aria, fugue, etc) of the Baroque, but the larger formal articulation — ways distinct from Stravinskyan reclamation on the one hand and the Schoenbergian serial analogue on the other. The compression of violently turbulent historical events into a structure of this kind is a radical undertaking — at once "conservative" (as Goehr has always been) and innovative, a way of dealing with the subject "without descending into Hollywood phantasmagoria."

But does it work? On the evidence of a single encounter, and a rather unsatisfactory one at that, I hesitate to pronounce. There is much wonderful music in the opera — influences of Bach, Janacek, Stravinsky fruitfully absorbed; Goehr's characteristically economical orchestration shedding a dry, sombre luminosity on the stage; whole passages (such as the visionary aria and a long duet-aria for two women in Act 3) in which intention and achievement are felt to be indistinguishable. What I missed, last Friday, was a sense of theatrical animation pushing veins through the whole edifice — particularly so in the scenes built upon large choral participation; the chorus may be the work's protagonist, but with it the threat of neo-academicism, elsewhere held at bay, comes closest.

For myself, I'm unable to estimate how much blame should be directed at the misconceived production by Bohumil Herlischka in Ruddi Barth's designs, quite lacking in the appropriate formalised dimensions and rather ridiculous in its picturesque inventions; and how much at the unfinished musical presentation, more like a final run-through, under Hiroshi Wakasugi. The large cast included Norman Bailey (admirable as Matthys), Udo Holdorf (Bokelson), and Celina Lindsley (Christian); Berit Lindholm's sharply etched presence may have been an asset in Divara's role, though her powerful but now mostly acid vocalism cannot have been what Goehr had in mind.



Patrick Caulfield's "Wine Bar" (1983), on show at the Waddington

Music in Australia

Arthur Jacobs

Nowhere but in Australia would I expect the Bach tercentenary to be marked by the performance of a two-piano piece called *Blithe Bells*. Under this title, the Bach cantata movement commonly known as *Sheep May Safely Graze* was elaborated by Australia's omnivorous musical pioneer and revivalist, Percy Grainger, complete with mock-baroque twiddles and fanciful sheep-bell suggestions. The piece was given at a recent chamber music weekend in Mittagong, some 50 miles from Sydney, in an entertaining programme designated as "Butterley's Birthdays."

The 50th birthday of Nigel Butterley, one of the more prominent of the middle generation of Australian composers, was being celebrated along with Bach and Handel's 300th, Berg's 100th, Berio's 60th and Tippett's 80th. A style not unlike Tippett's emerged in a densely flowering, tautly constructed solo piano piece by Butterley himself, entitled *Uttering Joyous Leaves* (the quotation is from Walt Whitman). The whole festive weekend, with Australian and Hungarian folk music troupes as a fringe to a wide range of classical and modern works, testified to the vigour of Musica Viva, Australia's nationwide promoter and importer of chamber music.

This organisation, which also provides a substantial stipend for a chosen younger composer each year (at present Vincent Plush, born 1950), claims to be the world's biggest entrepreneur in chamber music outside the state-run bodies of the Soviet bloc. Its parallel in orchestral music is the Australian Broadcasting Commission — which, however, might soon lose that function. An official inquiry has just recommended that Australia's five State orchestras should be removed from the ABC's direction and given to the States themselves. The other States' jealousy of New South Wales and Sydney (where the ABC headquarters is located) here shows its head.

Meanwhile, the Sydney Symphony Orchestra continues its varied programmes, mostly in repeated series to answer the subscribers' demand for seats. Its chief conductor, Sir Charles Mackerras, is only intermittently present.

The Sydney Symphony occupies the largest hall in the Opera House, whose magnificent exterior belies the functional muddle within. In divergence from the original plan, opera is based not in the largest but the second-largest hall, with inadequate wing-space and an orchestra pit unable to cope with Wagner's or Strauss's largest specifications. But the Australian Ballet, a company with considerable historical roots and now directed by Maina Geilgud, seems happily accomodated in that theatre—to judge by the performances I saw of *Coppélia* and a new quadrangle bill.

The familar *Graduation Ball* (Lichine/Johann Strauss) indeed originated in Australia in 1940. Placed with it, the ballets *Webern Opus V* (Béjart), *In the Night* (Jerome Robbins, with Chopin nocturnes played by pianist on stage) and *Variations on a Nursery Theme* (Seregi, music by Dohnányi) displayed the versatile talents of a fairly small company. In Robbin's work, receiving its Australian première, the pas-de-deux of Joanne Michel and Jonathan Kelly was outstanding in its controlled passion.

But a visitor might think it strange to find so little Australian music, old or newly commissioned, in major Sydney series (outside some enterprising university promotions). Since the Australian Ballet is contemplating another visit to London, the last having been in 1976, I wonder if it might not consider a revival of the once famous *Corroborree*. This musical score by John Antill, now 81, was greeted as a sort of Australian *Rite of Spring* when brought to London some 40 years ago by Sir Eugene Goossens.

The bust of Goossens rightfully occupies a place of honour within Sydney Opera House. The tragedy of a personal scandal, which led to his suddenly leaving Australia in 1956, is no longer allowed to obscure his mighty contribution in joint sway over the Sydney Symphony Orchestra and the New South Wales Conservatorium of Music — the nursery of Joan Sutherland, among many other fine artists. A hint of his pioneering achievement is glimpsed in the news that Strauss's *Elektra* is shortly to receive its first (concert) performance in Sydney since Goossens introduced it to Australia in 1951.

The Weavers/Lyceum, Edinburgh

Martin Hoyle

O'Neill compared him with Ibsen and Strindberg; Joyce spoke of his "masterpieces"—of which *The Weavers* was one. Little known in this country, Gerhart Hauptmann is now playing in the blue and gilt star-flecked splendour of Edinburgh's Lyceum, through whose domed ceiling you half expect the Queen of the Night to glitter vengefully.

Colin MacNeil's set for what has been called the first (1893) play to deal with an industrial dispute—this scarcely appetising description may explain the comparative paucity of producers rushing to produce it in this country—is three-tiered: a vividly striking equivalent of those medieval diagrams of the social hierarchy. The workers toil below; above, the officious overseer haggles over their products and pays less than subsistence wages. These two levels change function in the course of the action, but the peak of the pyramid, a hint of Biedermeier in its gilded furniture, lace curtains and graceful painting, remains immutably the level of the boss, the employer, the factory owner.

Based on a disorganised uprising in Silesia in 1844, the plot shows the wretched peasants goaded by starvation into sacking the homes of a couple of factory - owners. Hauptmann's play calls for more than 40 characters; Ian Wooldridge's Edinburgh's production reduces them to 26. Despite translator Frank Marcus's assertion in his introductory note that each one is rounded and individual, a certain sameness emerges: perhaps the sprinkling of types have become too familiar to us: complacent bourgeois, merciless middle management, peaceable patriarchs.

This is not to detract from such well-defined characterisation as there is. John McGlynn manages a carefully differentiated double with a sturdy subversive and a reactionary pastor; and Sean McCarthy's old worker trying to keep his family out of trouble is moving. His arbitrary and wasteful death anticipates the pity in much of O'Casey's work.

This courageous production leaves me unconvinced, however, about the qualities that won the play the Nobel Prize 20 years after its composition, though unsurprised at Lenin's admiration. Perhaps temperamentally the English, if not the British, shy away from too harrowing a portrayal of deprivation (in Galsworthy *Strife* it is comfortably distanced, and Dickens carries the antidote of middle-class sense and sentimentality round with him). Still, the dozen or so principals give committed performances: Maggie Jordan's Frau Heinrich, long-faced and wavering, is a Munch come to life; and an actress who can exasperate and move in equal measure, Irena MacDougall (over-reacting wildly as the clergyman's wife, nodding and mugging even when not being spoken to; strong and restrained as a worker's wife who puts her pacific husband to shame by joining the fighters), deserves, as well as needs, watching.

Galleries/William Packer

Win or lose, it's the best

The John Moores Liverpool Exhibition is at present celebrating its 14th more or less biennial occasion (at the Walker Art Gallery until June 16. In recent years substantial rivals have been set up to occupy the interval, but it remains pre-eminent in the field, still the open exhibition in which working artists across the country most wish to take part.

It is not just (perhaps not at all) the thought of winning which attracts them—although to win is always rather nice. With something over 2,000 entries each time, chasing fewer than 100 places, the odds against winning have always seemed only a little longer than odds against selection. The prize money, though certainly generous, has never been exceptional, given the calibre of regular entry. However, the total purse has been boosted to £18,500 this time, the first prize almost doubling in value to £11,000—no small encouragement to any artist to try his luck.

No: the show's the thing. For all Sir John Moore's conspicuous generosity to contemporary British art, sustained over nearly 30 years, his greater contribution and achievement in luring a fair-sized sample of the very best of it, time after time, win or lose, to his native city.

The published names of his jury no doubt has some effect on entries, putting off here where it attracts there. I served on it myself last time, and know that effect to be but small. The critical usefulness, not to say importance, of the John Moores Exhibition, whether or not one likes what one finds, cannot therefore be over-estimated; by it we may take the temperature and keep an eye on the general health of painting in this country, watching every symptom of influence from abroad, native vigour or decline.

Previous exhibitions have acknowledged the pre-occupations of the day: obstract expressionism and abstract contructivism, Pop art and hard-edge, minimalism and constructivism. These two shows past, the resurgent figurative expressionism has dominated; large in scale, romantic, emphatically "painterly," and, for the most part rather serious and straight-faced.

Which is not to say that everything else has been entirely excluded.

It can be no surprise that, at last, the prize should go to a work of this powerfully fashionable kind. This is the one carried off with the freest hand, the greatest panache, and the lightest wit.

Bruce McLean, at 40, is one of the newest and brightest stars in the British firmament. He has been an established and well respected figure for rather longer, something of an *enfant terrible*, in the smaller art community. Hitherto he has been known principally for his early conceptual work, most particularly for his work as a performance artist in that no-man's category between fine art and theatre. I shall long remember his Post Bend of the early 1920s, and later, with the lovely Sylvia Ziranek in Paris, his "Une Tasse de Thé"; a singular event memorable not least for the unsolicited participation of Francis Bacon.

His declaration of himself as a painter as such is rather more recent and was, in the first place, a direct function of his performance work, as he put on show the large, colourful, free-range drawings that were all but diagrams by which he developed and established each programme. This work still goes on. A set of drawings towards a performance he is to give at the Tete lote in June constitutes a major part of his one-man show at Anthony d'Offay in London (9 Dering Street, W1, until April 26).

His winning Liverpool painting, "Oriental Garden Kyoto," and the other large paintings at d'Offay, are works of a different order of intention and ambition. What may be quite acceptable in terms of experiment and proposition for work destined to be something else entirely, is less so when we have only what we see before us, to take or leave. Here, the hint towards a Japanese sensibility as much as his habitual high speed execution makes us draw breath a little, to ask a question. Speed and directness are, admitted very much to the point of the Japanese tradition, but not to the point where image is everything and the way of its statement nothing. Speed is not necessarily hurry, and there is nothing perfunctory or less than precise about traditional Japanese painting, calligraphy, or garden making. There are qualities of deliberation and definition in that garden which McLean, so gifted and exciting an artist as he is, has yet to register.

The winner of the second prize at the Moores is Stephen Buckley. He also is 40, critically well-established; currently enjoying a one-man show at the Museum of Modern Art in Oxford (until June 2, then on to Belfast, finally to Liverpool). His work is not exactly figurative, but rather, positively and and freely associative. The viewer is always free to bring along to it whatever else he might have in his imaginative baggage.

Any specific pictorial space and reference in the imagery evidently fell away very early on, but there has remained a strong sense and mood of place and of things (furniture and architecture perhaps), reinforced by a most assertive surface, strong in colour and pattern and rich in material surface.

With this suggestive quality has marched an obsessive preoccupation with the physical fact of the painting—with its support, and how it is put together—that is all but sculptural. The paintings rear and float against the wall often in high relief. It is only the constant, painterly dialogue with the surface, now broken down, now split apart, now forced back again into an awkward, edgy integrity, that brings us back to a consideration of them as paintings indeed, and not painted objects. Like McLean, Buckley is a consummate tease: suggesting, prodding, tripping imaginative expectation.

Patrick Caulfield is another tease of sorts, and the most elegant and ironical of these three. He, too, has been an ornament of the John Moores in the past, though not this one, and his latest one-man show is now in London, at Waddington in Cork Street (until April 27). It offers the most intriguing set of new work from him for many years.

While the maner, overall, seems as familiar as ever, with hard edges, flat colour, and generally uninflected surface, his subject, still, the near-kitjsch Formica-ridden interior of bar and foyer, his development is towards a more complex, fragmented pictorial space—a sophisticated latter-day cubism close to the late ateliers of Braque but full of other, more recent allusion.

There is a more directly painterly, personal quality in the handling of the paint; a denser, more animated surface. Artists more at their own pace, fast or slow, but it is always good to see one who is ever slow, apparently predictable, not a prisoner but the careful director and master of his style.

Berlin Philharmonic for London

The Berlin Philharmonic Orchestra will make its only United Kingdom appearance this year at the Royal Festival Hall on April 27.

It will be conducted by its principal conductor, Herbert von Karajan and will play Beethoven's Symphony No 4 and Strauss' *Ein Heldenleben*.

The concert is sponsored by The Prudential.

Anita Harris joins 'Cats'

Anita Harris is to take the part of Grizabella in *Cats* at the New London Theatre from April 29 for six months. It will be her West End stage debut, and she takes over from Marti Webb.

Shakers/King's Head

Antony Thorncroft

Hull Truck, flush with success from *Up n' Under*, has brought another vignette of northern life to the capital in *Shakers*, a tale not of 19th century religious folk in North America but of the girls who work in cocktail bars with names like, well Shakers.

This time writer John Godber has combined with Jane Thornton on the script, presumably to ensure that the locker-room chat is accurate—women retain few mysteries after this lot. It is not a play, more a series of tableaux in which mime and some music are as telling as words.

More so even, for I was quite unconvinced that Shakers bore much relation to life in a cocktail bar. Or rather there was plenty of the bad side, but does a cocktail bar never get a nice customer, do the girls ever enjoy a laugh, is work there such a succession of miseries? And, of course, is it quite in vain to hope that a play from the fringe can say a nice word, just one, about men, or just one solitary man.

Here all the imagined customers of a cocktail bar—the yobs screwing up courage to ask for a "Between the sheets"; the Hooray Henrys braying their prejudices; the loud-mouthed media men — are parodied in turn, while the girls struggle with the stock-in-trade experiences of abortion, dates, and potential rape.

But if this script comes with the seal of approval by the feminist movement the performances by Sherry Baines, Alison Grant, Marion Sumerfield and Alison Wott go some way towards saving the evening. The tunnel vision of the writing leaves many questions about the characters unanswered but through the strength of their performances, not least their movement, you enjoy the rhythm and the almost balletic surrealism of the piece.

John Godber may have gone for the easy verbal options in *Shakers* but his direction is first class.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

April 19-25

PARIS

Ballet of the Paris Opera presents Romeo and Juliette in Rudolf Nureyev's choreography and production, décors by Ezio Frigerio, with Florence Clerc, Monique Loudieres, Claude de Vulpian, Cyril Atanassoff, Patrice Bart, Patrick Dupond, Jean-Pierre Franchetti, Jean Guizerix, Charles Jude, Jean-Yves Lormeau, Rudolf Nureyev in the main roles. Palais des Congres (758 2253).

Wuppertal's Tanz Theater and Pina Bausch, the high priestess of German expressionist ballet, arrive with two programmes: Walzer and Stravinsky's Sacré du Printemps and Café Muller. Théâtre de La Ville (274 2277).

Wozzeck alternates with Gluck's Alceste conducted by Michael Schoenwandt, produced by Pier Luigi Pizzi with Shirley Verrett/Helene Garetti in the title role and Barry McCauley in that of Admete. Paris Opera. (742 5750).

Maurice Bejart and his XXth Century Ballet stage the world première of Le Concours – a danced who dunnit? about dancing. TMP-Châtelet (261 1983)

Ballet School's spectacle of Soir de Fête and La Fille Mal Gardée at the Opera Comique (296 0611).

LONDON

Royal Opera, Covent Garden: As a tribute for Tippett's 80th birthday, the Royal Opera revives King Priam, in the 1961 production that gave the work its world premiere. Elgar Howarth conducts, Alexander Malta takes the title role, and the cast also includes Kim Begley, Anne Howells, Phyllis Cannan, and Felicity Palmer. Further performances of Lucia di Lammermoor, with Dame Joan Sutherland in her London farewell to her most famous role; and Don Carlos conducted by Bernard Haitink.

English National Opera, Coliseum: the new production by Elijah Moshinsky of The Bartered Bride is beautiful to look at and delightful in its updating of the work, but less strong in its casting of principal roles. The Marriage of Figaro, a rather dull production by Jonathan Miller, returns with some newcomers in its cast – Florian Cerny (house debut) and Eilene Hannan as Count and Countess, Cathryn Pope as Susanna.

BRUSSELS

Theatre Royale de la Monnaie: Tristan and Isolde, conducted by Sylvain Cambreling with Spas Wenkoff or James McCray as Tristan and Gwyneth Jones as Isolde. (218 1211).

NETHERLANDS

The Netherlands Opera production of La Belle Helène by Offenbach, directed by Lotfi Mansouri, with decor and costumes by Thierry Bosquet. The cast headed by Leena Kilunen, Rudolf Ruivenkamp and Tom Haenen, with the Promenade Orchestra and the Opera Choir conducted by Jan Stulen, and dancers from the National Ballet. (Wed) Eindhoven, Stadsschouwburg (11 11 22).

Dr Faustus by Konrad Boehmer, performed by the Netherlands Opera with the Broadcasting Orchestra conducted by Lucas Vis. Soloists include Annett Andriessen and Marco Bakker. Directed by Charles Hamilton. (Thur) Amsterdam, Stadsschouwburg (242 311).

Scheveningen, Circus Theatre. The Nederlands Dans Theater with Band Stand (Vincent/Basie), Symphony of Psalms (Kylian/Stravinsky), Stamping ground (Kylian/Chaves). (55 88 00).

VIENNA

Staatsoper Don Quixote by Minkus and Nurejev, conducted by Richter; Cerha's Baal conducted by Cerha; Aida conducted by Mund; La Traviata conducted by Soltesz with Gruberova; The Flying Dutchman conducted by Schirmer (53 24/26 55).

Volksoper: A La Mamma; Millocker's Beggar Student conducted by Bibl; Lehar's Das Land des Laechelns conducted by Bibl; Die Entführung aus dem Serail; The Barber of Seville; Britten's Beggar's Opera (53 24/26 55).

NEW YORK

American Ballet Theatre (Metropolitan Opera House): Mikhail Baryshnikov and company open an eight-week New York season with Sir Kenneth MacMillan's Romeo and Juliet, starring Patrick Bissell and Susan Jaffee. Season ends June 15. Lincoln Center (362 6000).

Saleroom

Big night at Sotheby's

BY ANTONY THORNCROFT IN NEW YORK

Tomorrow night in its mammoth-sized, purpose-built auction room in New York, Sotheby's holds what it very much hopes will be the sale of the year. It is disposing of the pictures collected by the late Florence J. Gould, for many years the social pivot of the French Riviera.

If all goes according to the costly plan, the sale should bring in a record $30m; while a view by Van Gogh of a wheatfield, seen from the window of his asylum at St Remy, should establish a new high for an individual work of art at auction of around $10m. Many other lots could comfortably breach the $1m mark, including "La clownesse Cha-U-Kao" by Toulouse Lautrec, and pictures by Degas, Cèzanne and Gauguin.

It is certain to be a glittering occasion, confirming New York's position as the most important auction centre in the world. New York society treats a major sale as a gala evening, an excuse to parade their own collections of jewels and clothes, many of which might in time come under the Sotheby's hammer.

Mrs Gould loved to encase herself in pearls, and her jewels were sold last year by Christies'. Today, Sotheby's completes the auction of the jewels of another leading socialite of the 1930s and later, Annie-Laurie Aitken. The 80 lots in her collection should bring in more than $2m, with the top price expected for an emerald cut diamond ring with a stone weighing 19.42 carats. It might attract bids of around $500,000.

But not all the items up for sale in this remarkable week are ostentatious and extravagant. On Wednesday afternoon, the private library of the late Paul Francis Webster adds some refinement, and includes a Shakespeare First Folio which carries a $400,000 top estimate.

Fewer than 200 copies of the 1623 First Folio have survived and most of these are in public collections. This copy was sold at Sotheby's in New York for £23,000 in 1965. Webster, a Hollywood songwriter whose successes included "Secret love" and "Love is a many-splendoured thing," built up an exceptional collection, adding to the Second, Third and Fourth Folios of Shakespeare's plays; and first editions of "Pickwick Papers" (estimate up to $12,000), Spenser's "Faerie Queen" (up to $18,000), Gray's Elegy, Swift's "Gulliver" and many more.

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Tuesday April 23 1985

Old doctrines in new bottles

NEARLY EVERYONE must support the basic contention of the new Employment Institute and its Charter for Jobs, launched with a hasty and somewhat ragged fanfare yesterday.

The Government can and must do something to reduce unemployment—on its own, this is a statement to which present ministers could subscribe without hesitation. While the Government still argues that only the private sector can create "real" jobs, ministers still claim every increase in employment as a triumph for government policies. It recently published a long and sadly complacent White Paper to list all the things it is doing.

The new institute does stand for something a little more precise than the general statement that the Government has a role in the economy: the Charter argues for a limited fiscal reflation, for a level of borrowing that would stabilise national debt in relation to national income, rather than reducing it. This number seems to be chosen more on broad church than on analytic grounds: it offers the reflationists a substantial sum to play with (about £3½bn this year, according to recent calculations from stockbrokers Simon and Coates) without actually frightening those who are uneasy about debt. It is thus a statement which can command the support of every member of the institute's 100-strong council and, it is hoped, of nearly everybody else.

Compromise

As a compromise between the Government's many fiscal critics, this is a perfectly respectable number to choose, which is no doubt why a number of analysts have already used it as a working example; but is it a suitable slogan for a campaigning banner? We doubt it, and doubt indeed the whole approach of parading so many names from the past in support of such familiar policies.

Faced with a populist of Mrs Thatcher's talents, it is surely leading with the chin to proclaim the support of all those who were responsible for the disappointments of the Wilson era, for the Heath inflation, or the Callaghan Winter of Discontent. The fact that one rising star of the Treasury has retired to take charge of research could be more appealing than all these names put together. One new idea, however modest, with the promise of more to come, could be more persuasive than the doctrine of reflation with incomes policy which the National Institute has been urging in much more detail for a decade.

Fortunately there is plenty of time to improve on this rather wrong-footed start, and there is an important job to be done. This is not so much to attack Mrs Thatchers' over-simple exposition of government choice—which simply voices the popular disillusion with the older over-simplification of Keynes, promising painless full employment—as to relaunch the debate on more solid grounds.

The most persuasive case for infrastructure spending, for example, is not that it is more dignified or socially acceptable than the dole, but that it creates wealth and efficiency. We hope the new institute will produce some well-researched examples of the economic return achieved by some past projects and to be expected from some future ones

Investment

The case for government rather than private investment to get things moving rests on the fact that the Government, unlike a private employer, has to pay workers who are out of work, so that the net cost of its investment is much less, and its net return correspondingly higher. Again, worked-out examples are needed. In short, even fiscal policies need good micro-economic foundations, and it is here that we hope the new institute will excel.

This carries one risk which may not be welcome to all the Charter's sponsors: when it does make new wine to put in its new bottles, it may find Mrs Thatcher an eager buyer. Her doctrinal purity—aimed, and quite effectively, to change attitudes — often covers relatively pragmatic actions. What is more, she is likely to make her borrowings without acknowledgement: She knows, and the institute should remember, that Britons like their wine sweet on the palate, but dry on the label.

Brazil under Sr Sarney

BRAZIL has been deprived of a crucial moderating force by the death of its president elect, Sr Tancredo Neves. On his shoulders had fallen the responsibility of paving the way for a full return to democracy after 21 years of military rule. That he should have fallen ill on the eve of his inauguration six weeks ago and have struggled vainly for his life since then, is a personal tragedy without modern parallel. But more than that, it is an immeasurable loss for Brazil.

Although he never held office, Sr Neves should not be written off as an unlucky president who never was. During the brief period after his indirect election in January until his sudden illness in mid-March, he set an example in searching for a pragmatic national consensus. He was conciliatory towards the military. He promised to tighten up on corruption and to pay more attention to the poorer sections of society.

By taking this example as a stabilising point of reference in the uncertain months ahead, Brazilians can best show their respect for Sr Neves. But even if the will to do this exists, the task of his constitutional heir, the vice-president Sr Jose Sarney, is extraordinarily complex and difficult. Sr Sarney inherits no clear-cut policies, merely vague promises and the mantle of a man who risks being given a mystical status.

Metalworkers' strike

The reins of government must be seized quickly and firmly by the new leadership. An uncomfortable reminder of the problems on hand is the nine-day-old strike by Brazil's most powerful trade union, the Sao Paolo-based metalworkers. The union is demanding higher pay and shorter working hours. This action reflects a feeling within the labour movement that it should now flex its muscles after the years of controlled action under the military.

The metalworkers' discontent over low pay underlines the way incomes have been heavily eroded by the past three years of recession. In this respect one of the first tasks of the new government will be to fix a fresh minimum wage, theoretically due by the end of the month.

Whatever policy is adopted over wages directly affects Brazil's inflation. The inflation rate is running at 230 per cent on an annualised basis and rising, a trend compounded by the widely used practice of indexation. Already it seems that Sr Neves' good intentions of helping the underprivileged may be sacrified to the more pressing needs of dealing with inflation and cutting the public sector deficit. Undoubtedly there is some fat in the system which can be cut. However, Sr Sarney will probably be inhibited by a desire not to alientate the large federal and state bueeucracies.

Foreign debt

Another matter which needs to be addressed soon is Brazil's relationship with the international financial community. It is just as well that the former Figueiredo administration never concluded a deal with the banks on rescheduling almost half of Brazil's $100bn foreign debt. When these talks were suspended in January, agreement was close. Since then the economic picture has changed and it looks as though Brazil will not enjoy the size of trade surplus originally envisaged. Instead of a $12bn trade surplus, it could be no more than $10bn. This means seeking fresh money from international institutions like the World Bank, perhaps also from the commercial banks.

Already there have been signs of strong divergencies on how to treat these issues within the team that Sr Neves selected. It would be a healthy development if the cabinet now offered its resignation so that Sr Sarney could form a more homogenous team with which he could work.

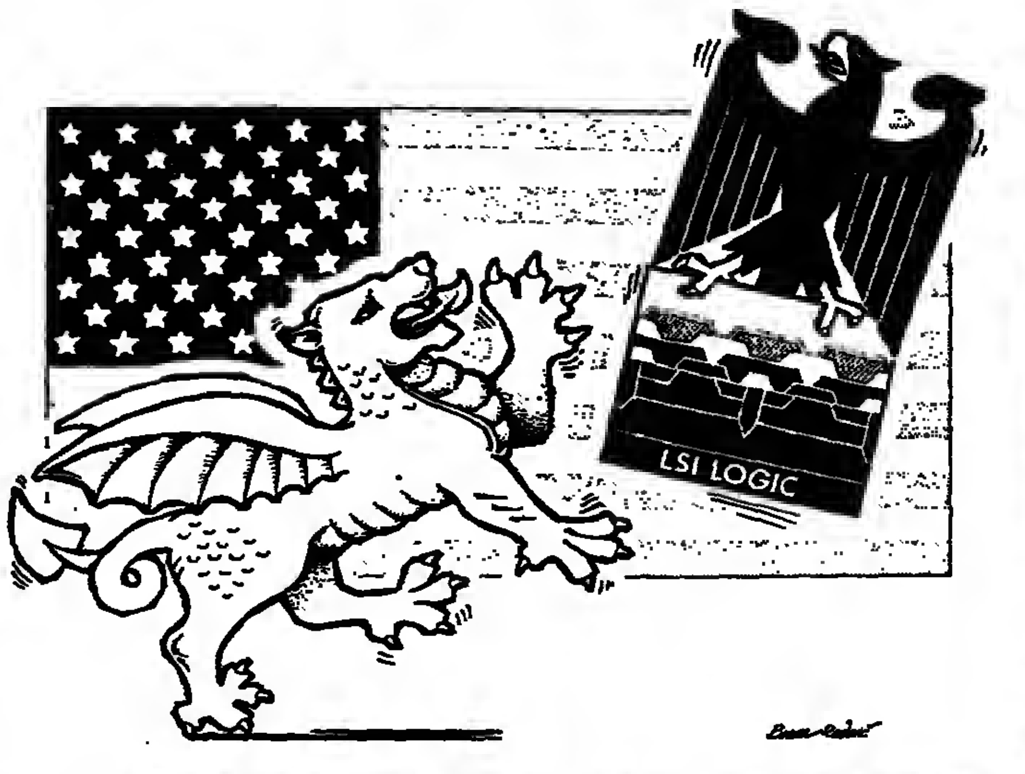
This said, it will require considerable self-restraint within the Brazilian political establishment, especially on the Left, to accept Sr Sarney as anything other than a temporary leader. Until now he has been a lightweight, strongly identified with the military and never intended for such office.

The ideal solution would be for Sr Sarney to obtain the backing of the political parties on the understanding that he is an interim figure pending early presidential elections. Such elections were promised by Sr Neves — his most concrete pledge — within four years. It is hard to see Brazil living with Sr Sarney for this long, unless, against the odds, he rises to the occasion.

INTERNATIONAL INVESTMENT

How Wales 'lost' a $40m deal

By Robin Reeves in Cardiff, Louise Kehoe in California and John Davies in Frankfurt



The Welsh dragon fought hard . . . but the German eagle landed the deal from Wilfred Corrigan (above right)

WALES is still bitterly digesting the decision of LSI Logic, a rising star of California's Silicon Valley semi-conductor industry, to switch the location of its first European manufacturing plant from Cwmbran, Gwent, to Lower Saxony, West Germany.

The loss of the $40m project is an embarrasing setback to the Government's strategy, spearheaded by Mr Nicholas Edwards, the Welsh Secretary of State, to build up a new, high technology, industrial base along South Wales' M4 corridor, and so replace the thousands of jobs which, for the past six years—Mr Edwards has vigorously insisted—must be shed by Wales' traditional industries, notably steel and coal.

The LSI Logic investment would have been the largest-ever by a U.S. company in Wales, which already has over 100 U.S.-owned manufacturing operations. It promised to create 500 jobs within two years in the manufacture and testing of the company's advanced range of semi-custom-built silicon chips. Further expansion plans held out the possibility of as many as 2,500 new jobs in an area with currently nearly 29,000 people out of work—a jobless rate of 17 per cent.

Beyond that, the arrival of a company of LSI Logic's reputation would have given a strong fillip to Wales' drive to attract other microelectronics ventures. Comdial, AB Electronic Products, Ferranti, STC, Inmos and Mitel figure among the companies with major manufacturing facilities in the area, but more are needed.

Of equal concern in Wales is that the loss of the project comes only months after the decision of the Government to curb UK regional development assistance radically, with the aim of saving £300m a year in public expenditure by 1987-88.

It is raising a fundamental question mark over the efficacy of the new regional aid regime.

There are those who query the value of paying large sums of taxpayers' money to persuade foreign high-technology companies to establish manufacturing operations in Europe, especially when they are as cash-rich as LSI Logic. Mr Wilfred Corrigan, the company's British-born founder and chairman, has been extremely successful in raising equity finance from investors in the U.S., the UK and Japan; at the end of last year the company had cash and short-term investments of $161m, a very big figure in relation to shareholders' funds of $206m.

Mr Corrigan blames the switch to West Germany on what he describes as "a lack of clarity in British government assistance policy."

"The British had a deal, but they let it get away," he told the Financial Times. "In December, we made a verbal agreement with Welsh Development Agency officials to locate the plant in South Wales. Had the British Government closed the deal with more alacrity, it would have been their's."

He has no complaints about his treatment in Cardiff. "The response in Wales was outstanding and I really liked the site," he says. But he changed his mind because of the "negative attitude of the British Government" in Whitehall.

"We made it very clear to the British Government back in 1982-83 that the UK was our preferred site. But in 1984, we perceived a change in attitude. They seemed to be saying, 'We have done our thing with high tech—we have got our share of high tech companies.' The climate in the UK became unclear."

As a Briton prominent in California's expatriot community and who maintains close ties with local British government officials, Liverpool-born Mr Corrigan is in a position to understand British policy better than most Silicon Valley executives. He has also in the past made no secret of his staunch support for Mrs Thatcher's government. However, he still maintains that British officials were unclear in their explanation of government policy.

They had wavered over "niggling details" of the incentives package, just when the Germans were becoming increasingly aggressive in their efforts to win the project. "German policy was clear. They wanted to have us," he declared.

Mr Corrigan's decision not to locate the plant in Wales is a particularly hard blow for Britain's general effort in California to attract inward investment to the UK. It will not go unnoticed among other Silicon Valley companies considering UK sites, since Mr Corrigan is known to have been predisposed towards a UK location.

That said, neither Mr Corrigan nor Robert Blair, president of LSI Logic Europe, rule out a separate plant in the UK at some point. "I feel very positive about Wales and it could be the site of a second facility," Mr Blair says.

This is providing a few crumbs of comfort to those Welsh Office and Welsh Development Agency officials directly involved in the negotiations. At the same time, they loyally insist that the Government went to unusual lengths to try to secure the project.

Mr Edwards, the Welsh Secretary, in his statement regretting LSI Logic's switch, was at pains to emphasise that the incentives package offered to the company was based upon the previous, more generous, regional aid regime, when Cwmbran was designated a Development Area, attracting automatic regional grant of 15 per cent of the cost of the project for starters. The package was deliberately rushed through the administrative machinery by November 27, last year, the day before Ministers announced the new regional policy regime downgrading Cwmbran (along with most other parts of Wales' M4 corridor) to Intermediate Area status. Planning consent was also obtained in advance.

Further, intensive, negotiations on improving the aid package continued over Christmas and into the New Year, culminating in the dispatch of a special team to LSI Logic's Californian headquarters at the end of January.

The upshot was two additional cash contributions to the package which officials say were unprecedented. One was a cash injection from the Cwmbran Development Corporation and the other cash from the DTI's microelectronics industry support programme (Misp), normally earmarked strictly for financing research and development by already established companies. While refusing to be specific, they say that this pushed the value of the total aid package to appreciably above a quarter of the $40m project cost.

It is conceded that the Welsh offer could have gone even higher and outbid Lower Saxony in pure cash terms had the Government chosen to exploit the regional aid limits regime to the full. The Brussels commission has set varying aid ceilings for different parts of the Community to try to encourage a more even spread of economic development and prevent a ruinous Dutch auction in inward investment aid between member states.

It has still to be seen if the Lower Saxony offer has transgressed the EEC limit.

In any case, the British Government is evidently not planning to complain to the Commission. Welsh Office officials maintain that while they deeply regret the loss of LSI Logic, they do not believe that the regional policy cutbacks have undermined their ability to compete.

On the other hand, LSI Logic was clearly concerned at the basic direction of Government policy towards regional aid. As Mr Corrigan put it, "We also have to consider how things may change over the next five years. Investing $40m is only a 'down-payment' to developing a major manufacturing site." He expects that over a period of years, the company will want to invest as much as $100m in its new European facility.

Brunswick, LSI Logic's chosen location for the project, is a city with strong industrial and scientific traditions but also high unemployment. Tucked away in the north-eastern corner of West Germany, close to the East German border, it has nearly 14 per cent of its 260,000 population on the unemployment list.

Like Wales, its employment problems have grown as its older industries, such as steel, have contracted. But it has managed to attract some new industries, particularly as it has built up a reputation for scientific research. Before LSI Logic appeared on the scene, Brunswick had managed to attract Commodore of the U.S., which has set up a microcomputer and peripherals assembly plant, and Toshiba of Japan, which has set up a chip-making plant. The Brunswick authorities have made available a site of 25 acres on which LSI Logic will erect a 70,000 sq ft factory.

Perhaps significantly, one of the advantages of Brunswick is that it will be fairly close to a key customer—Nixdorf, the data processing company. Certainly Mr Corrigan admits that while British Government attitudes were the major factor, commercial considerations were also an important issue.

According to Robert Blair, British companies, particularly military equipment suppliers, have been conservative and indecisive in their use of semi-custom devices. In contrast, German manufacturers are widely adopting the new technology, with the result that West Germany has overtaken the UK as LSI Logic's largest customer in Europe.

More significant still, Nixdorf has disclosed that it has been talking to LSI Logic about the possibility of joining in a chip project: though it hastens to add that it has also been talking to RCA of the U.S. and that it is thinking of a modest contribution of DM 10m in chip development costs.

Semi-custom chip makers typically have regional design centres where customers meet company engineers and have access to computer aided design systems. In this sector of the semi-conductor market, unlike the standard products sector, the location of a company facility can have a significant effect upon sales.

LSI—AND THE GAME PLAN

LSI Logic is a high flyer even by Silicon Valley's unique standards. Last year sales by the company, which only opened its doors for business in 1982, totalled $84.4m, a 143 per cent increase on 1983.

Its first quarter 1985 net income was down by 57 per cent to $1.5m on sales of $31m, up 115 per cent on the same period a year ago, because of start-up costs associated with new products and underutilisation of capacity. But the company has been largely unscathed by the severe business downturn which has been affecting the U.S. semi-conductor industry generally.

LSI Logic makes "application specific integrated circuits" — semi-conductor circuits which consist of "gate arrays" of standard circuit elements which can be tailored to individual requirements by connecting the circuit elements in a unique pattern that defines how the circuit will perform.

These products, also known as semi-custom circuits, are much cheaper than full custom designs, but they offer users the advantage of a proprietary design that cannot easily be duplicated by competitors.

Mr Wilfred Corrigan, the British-born founder and chairman of LSI Logic, has big ambitions for the company. "I believe that the arena we are committed to will outperform the semi-conductor industry as a whole by a large margin. Our intention is to dominate the sector and our game plan appears to be working," he adds.

The world market for semi-custom chips is estimated to grow at an annual rate of about 33 per cent from about $850m last year to over $5.25bn by 1990.

Nursing the votes

Labour leader, Neil Kinnock, yesterday carried the party's banner beyond the boundaries of the TUC to charm the 1,000 (mainly female) delegates to the annual Congress of the Royal College of Nursing.

It was a major break with tradition for the strictly non-political, no-strike RCN to invite Kinnock in place of a Government Minister, and he took full advantage of the opportunity.

Pointing out that he had a 40-year family tie with the RCN, the son of District Nurse Kinnock wooed his audience with a presentation of Labour as the epitome of moderation and realism.

Didn't it matter that the RCN was outside the TUC? "We aren't asking people to flash any cards," he replied genially. Did he think nurses should strike for a better pay deal? "I don't think they ever will," he said, neatly sidestepping the point.

As for the last General Election, hadn't Labour's manifesto contained not a single word on nursing issues?

Kinnock responded with disarming frankness that computers had not been mentioned either, but fox-hunting had. "The absence of a reference to nursing is therefore all the more difficult to try to explain, so I won't even bother to try." The nurses were suitably satisfied.

"I never thought I'd see the day when cows were treated like hooligans."

Men and Matters

Lee's style

After 14 years as chief general manager of the Co-op Bank, Lewis Lee thinks that he now looks a bit like a banker.

But it was not always easy to cultivate the image. At one time even the European co-operative banks looked down upon their British cousins as red in tooth and claw.

"Persuading them that I was not the Tony Benn of the banking business was not an easy task," says Lee, who is retiring. His successor is Chris Ruck, who joined the Co-op Bank two years ago from Williams and Glyns as deputy to Lee.

During Lee's stint, the Co-op Bank was the first to offer free banking to its customers, and the first to pay interest on current accounts. In 1975 it joined the Bankers' Clearing House as the first new admission since 1936.

The Co-op Bank has increased its customer base from 200,000 to 1.4m during Lee's tenure. However, he is an optimist who sees room for many more to come into the fold.

While the clearing banks are generally just starting to make tentative moves into the supermarkets, the Co-op has been involved in in-store banking for 60 years. It has 4,000 outlets in Co-ops around the country. "And if we don't exploit that head-and-shoulders lead we do not deserve to be around in 10 years' time," says Lee.

Dublin underworld

An unexpected result of the accession of Spain and Portugal to the EEC is the chance it is giving to Irish archaeologists to study the origins of Norman Dublin—yes, the French have had a long influence upon the Market.

The conference centre in Dublin Castle, where EEC summits are held when the presidency falls to Ireland, will not be big enough for a Community of 12 nations.

That fact, plus the ravages of time on the 18th century buildings, has persuaded the Irish Government to build a new I£5m complex while keeping the original facade.

The archaeologists are to be allowed at least six months to find out what lies beneath the present castle buildings. The site was the administrative centre of English rule in Ireland for almost 800 years, and the diggers are hoping to find the moat surrounding the original castle, which was built by King John in the 13th Century.

The Irish Government is anxious to avoid a repetition of the controversy over the destruction of Viking remains when nearby civic offices were built.

The work on the castle will not affect the state apartments, where the Irish have decently preserved the relics of British rule, including a throne used by Queen Victoria.

British ministers at future Dublin summits will still be able to enjoy vicarious memories o fEmpire, while wrestling with the more prosaic problems of a modern EEC politico—wine lakes, butter mountains, and olive oil pools.

Embassy men

Britain today is at the same stage of its post-war development as Japan in the 1960s. That is the view—more optimistic than it sounds—of Hiroya Ickikawa, the outgoing special economic attache at the Japanese embassy in London.

Ickikawa has been in Britain on secondment from Keidanren, the Japanese equivalent of the Confederation of British Industry.

His experimental loan to diplomatic circles has been seen by the Japanese as such a success that the Keidanren is going to place three of its men in embassies—in Paris, London, and Jakarta.

"In the 1950s," he says, "everyone in Japan was deeply pessimistic about the future. Then, in 1960, we suddenly took off. This could happen in Britain too. As the oldest industrialised country, you are facing the most difficult problems first. You still have a long way to go, but the climate is changing and real progress is being made."

Not all Japanese would agree. Ickikawa concedes that many of his countrymen still think of the UK in terms of the "British disease."

Ickikawa knows Britain well. He has a British wife, and his two sons, Adam and George, have dual nationality. He is also a member of the Reform Club and hopes to make regular visits in future to St James's clubland.

As Keidanren's next deputy international director, he could be back soon.

French ways

This one is for filing in the Do They Really Mean It? department.

The Paris Bourse has published a brochure intended, as it explains in a letter to me, "to increase its notoriety as a financial place."

Observer

Letters to the Editor

Privately rented accommodation

From Councillor T. Gorman.

Sir,—Samuel Brittan's proposals (April 15) to improve the market in privately rented accommodation are most welcome but I think that the estimate of an increase of 2 per cent per annum in this housing stock is much too modest. There are certain factors which could produce a dramatic increase in reasonably priced lettings in a very short time.

In a recent Parliamentary debate Simon Hughes, MP for Bermondsey, said that in London alone there were more than 110,000 private houses bought up by councils, now lying idle.

On the less desirable council estates there is a growing surplus of flats and houses to let. These should be turned over to private management for refurbishment and letting in a free market situation.

There are many empty buildings in city centres which belong to the public sector or nationalised industries which are suitable for conversion at a modest cost. For example, in the London area there are a number of hostels previously used for nurses' accommodation and now surplus to the needs of the national health service. These would be snapped up by the private sector for conversion if the Government ordered their release.

It is estimated that there are over 5,000 acres of idle land in the Greater London area alone, much of it in docklands, and a lot of it owned by local authorities including the GLC. This could be sold off for development as flats to rent, or mixed development, if the land were so covenanted.

The proposal to deregulate only new properties does not deal with the growing problem of what remains of the privately rented sector which is literally disintegrating and increasingly falling to the local authorities to undertake repairs. This, too, must be subject to realistic rents if it is to be saved.

At present I believe the Government would be afraid to introduce deregulation unless it was convinced that rents would not rise with the consequent increase in demand for housing benefit. But examples from areas where all rent controls have been removed, as in Vancouver, shows that the flood of property which is released into the market when rent controls are swept away more than compensates for any possible upward surge in rents.

It is this message which must be developed if these essential policy changes are to be introduced.

Teresa E. Gorman (Councillor).
PO Box 240, Westminster City Hall, Victoria Street, SW1.

Deregulating new tenancies

From Dr P. Kemp

Sir,—I read Samuel Brittan's article (April 15) on deregulating the private rented sector with incredulity. It was laden with unproven assertions and dubious assumptions.

Mr Brittan claims, for example, that the demise of the sector is "second only to an over-rigid labour market as a cause of high unemployment." Yet where is the evidence to support this? The decline of the sector began in the early years of this century, before the introduction of rent control in 1915, since when the level of unemployment has fluctuated widely while the private rented sector has continuously declined.

On the basis of a couple of facts (on average registered rents and the number of lets expiring each year) and a host of heroic assumptions, Mr Brittan put forward a table with 17 rows and four columns purporting to indicate the likely effects of deregulating new tenancies. The figures in this table are highly dubious, in some cases being rounded (in constant 1984-85 prices, we are assured) to the nearest £1m over a period of 20 years.

The assumption made by Mr Brittan that deregulation of new tenancies would increase the total size of the private rented stock by 2 per cent per annum is not supported by historical evidence. Previous attempts at deregulation, in 1923 and 1957 (the latter, incidentally, applied to new as well as existing tenancies) did not reverse but rather accelerated the decline of the sector.

The private rented sector has declined as a result of a complex of factors. To ascribe this decline almost entirely to rent control, as Mr Brittan appears to do, is dangerously simplistic.

Peter Kemp.
London Housing Aid Centre,
189a, Old Brompton Road, SW5

Oysters, yachts and antifouling

From the Managing Director, Offshore Farms

Sir,—The managing director of International Paints (April 16) states that in some areas some Pacific oyster growers achieve successful growth while others "in the same location" blame the organotin biocide contained in yacht antifouling for failure. I know of no such case and challenge Mr Levick to produce his evidence.

I have experience of two firms, one my own, where deteriorating growth patterns over the past six years on one estuary correlates with the increasing number of yachts and over the past two years with measurements of organotin resideues in the shellfish flesh. On a nearby estuary where yachts are few and measured organotin residues are much lower, satisfactory patterns and achieved from identical stock, using the same workers and employing the same husbandry techniques.

(Captain) Philip Gibbon.
Weatheracre,
Lower Longcombe,
Totnes, Devon

Tax unimproved land value

From Mr R. Banks

Sir,—With Mrs Thatcher's decision to scrap the rating system (April 18), it would seem an appropriate time for the Government to consider a national tax on the unimproved value of land.

The rating system has, at least, the advantage of taxing some part of land value, which value is to a large degree derived from expenditure, both national and local, to improve the amenities. Its scrapping would bring great windfalls to those who hold land.

A tax on land values, levied nationally, was always a better prospect than its baby brother, site value rating, if only because of the differences of land values in various locations and local needs, i.e., City of London as against rural Wiltshire.

A nationally levied tax on land values would need to be accompanied by a reduction of taxes on production, i.e., income and corporation tax, CGT and expenditure taxes. There is every justification for this since land values are created through public expenditure and the common effort while our wealth is created through private effort. The first source of taxation should be from values created by the public, thus relieving the tax burden on production.

Karl Marx commented that such a taxation system would be the last ditch of capitalism. I agree, but instead of then failing, as Marx predicted, free enterprise would be underpinned by a just taxation system, the factor which it has always lacked in the past.

Ronald Banks.
Middlehill House,
Middlehill Box,
Corsham, Wilts

Take them off the rates

From Mr F. Stark

Sir,—How glad I was to read the part of Mr Sims's letter (April 16) that stated there is a lot to be said in favour of transferring all county services to the national exchequer. Why not indeed follow the demise of the metropolitan counties with the scrapping of all county councils; nothing but good could ensue for tax- and ratepayers.

We have national defence forces; a national health service; why not a national police force, national fire service, national control of all main road building and upkeep; and a national education system, with of course the maintenance of private education for those willing to pay for it?

The minor services could be delegated to the district councils with strict control over the amounts they spend. Councils bleed us white with their ever-expanding rate demands, in many cases to cover projects and programmes that are of no real use to their communities. The counties are the bigger culprits; they can make their demands in the knowledge that the money will be collected for them by the district councils, who will of course also collect the opprobrium of the ratepayers.

In opposition, Conservatives were frequently heard to proclaim that there is too much control and too much government, so why do they not now do something about it, and be bold enough to free us completely from one unnecessary and expensive layer of Government?

With counties abolished and the district councils responsible for only the minor services it should not be too difficult for central Government to devise a more equitable method of rating.

F. Stark.
178, Southend Road,
Wickford, Essex.

Trading in oil for the future

From the General Secretary, Association of Professional, Executive, Clerical and Computer Staff

Sir,—I have read with interest the remarks of Esso on the decision of the Government to remain in oil trading after the abolition of British National Oil Corporation.

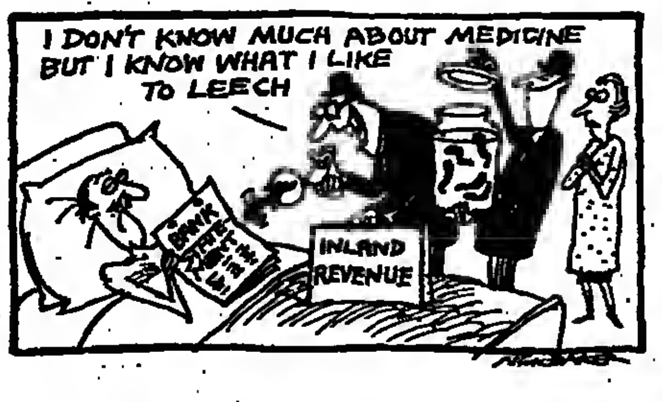
We fully understand the interests of Esso and other major oil companies in trading in oil at a price which will strike the best balance between its revenue liabilities, its investment costs and its interest as a downstream user of oil.

With a system under which royalty oil paid to the Government in cash would be paid on average five months after production whereas royalty oil received in kind by the Government can be sold at the time of production there are very substantial financial advantages to major oil companies in seeking the abolition of oil trading by the Government. Until BNOC was forced to maintain oil prices at levels fixed by the Government rather than by the market it made useful profits for the Government on its oil trading. In addition its operations in the market are of great advantage to the smaller oil companies who have not got their own downstream facilities and its trading activities enable a price to be objectively established on which the oil taxation office can realistically assess the income of oil companies from their North Sea oil operations.

Undoubtedly the interests of Britain as opposed to the interests of multinational companies will be best served by the oil pipeline agency continuing to exercise rights in respect of trading in oil for the future and our members who have done this work so well in the national interests hope that the Government will recognise the value of their work and maintain for itself and for the benefit of smaller oil companies this profitable activity.

In the present world glut it is easy to overlook the difficulties of only a decade ago. For any Government dealing with the North Sea has to think in the time frame of at least 25 years.

Roy A. Grantham.
22, Worple Road, S.W.19



Capital gains tax relief

From Mr O. Stanley

Sir,—The 1985 Finance Bill demonstrates again (if further demonstration were needed) the overwhelming arrogance of the Inland Revenue department. Schedule 17 gives relief from capital gains tax on retirement at 60 and to those retiring earlier, because of ill health. But whether or not you have retired on ill health grounds is for the Board of Inland Revenue alone to determine and it is proposed that no appeal can be made against a decision of the board as to whether or not you were ill, and no appeal against the board's decision can go to any appellate tribunal.

If Parliament passes this through, it will pass anything!

Oliver Stanley.
5, The Park, NW11.

Cricket isn't a chivalrous game

From Mr M. Morgan

Sir,—The review, by Alan Forrest (April 13) of the new Wisden appeared to condone, even encourage, the cynicism which is beginning to ruin first class cricket; he lightly dismisses the increased use of the bouncer which, as used by the West Indians, is meant to hurt as much as intimidate and it is shocking to read, by a reporter who understands the game, that bouncers so employed (however many an over and whoever is batting) are legitimate—and that if the batsman is hurt so be it. Such writing, one rather suspects, reflects the point of view of the "one day" cricket supporter to whom thrills are all important and a West Indian fast bowler bowling four bouncers an over (at tail-enders) does, I suppose, provide a kind of excitement.

If the game is to retain both its more civilising values and a semblance of chivalry every commentator should absolutely, unequivocally and often condemn the misuse of the bouncer and, for that matter, any other distasteful aspects of the game as and when they occur.

Who is the old England player quoted as stating "cricket isn't a chivalrous game"? To many people it always has been (and still is) but it will not remain one if Forrest, and his old England friend, continue to encourage those elements now destroying the game. Clive Lloyd, when he retired from test cricket, received many warm tributes but in my opinion he was (is) far from the gentle giant of popular imagination—he certainly did not help last summer by actively encouraging the appalling use of the bouncer.

Cricket apparently reflects values fashionable in society but if it continues along its present path its future will be as undistinguished as its past was great.

M. D. Morgan.
16, Cleaver Square, SE11.

Labour costs and employment

From Mr J. Ure

Sir,—Assar Lindbeck and Dennis Snower (April 17) claim more than they offer. They claim "the higher the saving in the labour costs of admitting new entrants relative to the associated hiring, firing and training costs, the lower the level of unemployment." But what they offer is a model not of the employment level but of its composition. Their "insider-outsider" construct is, as they present it, an attempt to explain why employers do not substitute less expensive workers for more expensive workers, and why unemployed workers do not offer themselves, or force employed workers to offer themselves, at lower wages.

So they must be assuming that lower labour costs in some way generate more employment. Now while it may be acceptable practice among politicians to make such convenient assumptions, it really does behove economists to be more thorough. There are numerous theories which do put forward that hypothesis, and there are plenty that deny it, but only a scholastic should be prepared to advance directly from theoretical deductions to practical policies. A detour through some empirical investigation is often healthy exercise, and widely under-rated in this area of debate. Although never conclusive in itself, the weight of most evidence strongly questions the supposed relationship between wages and employment, certainly as far as causal relationship is concerned.

As to the merits of their model itself, it would seem little more than a variant of the argument that social security and other benefits have set a high minimum or reservation wage for those out of work. Its variation is to suggest a possible maximum reservation wage, that is, it must be sufficiently low to allow for hiring, firing and training costs.

In my opinion the fault with these kinds of theories is that they depend for their relevance upon acts of substitution taking place within industry of cheaper for more expensive factors of production. But their conception of substitution remains naive. I would suggest the relevant concept of substitution is not so much of one kind of labour for another, nor of "capital" for "labour," but rather of different packages of technologies for others, which involve complex mixes of capital and labour. Substitution of this sort is more related to industrial size than to optimising decision-making at a given size. For that reason I see their concern with total employment erroneously based upon a naive substitutionalism.

Size of markets, scale of industrial operations, and states of technology must surely be more powerful determinants of employment levels, and in today's world closed-economy micro-models of the kind offered by Messrs Lindbeck and Snower look remote from reality.

John Ure,
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Colombia under Betancur

The 'Mr Fix-it' of Latin America

By Robert Graham, recently in Bogota

Betancur: a maverick

THE LATE night work habits of generations of Latin American leaders have been turned on their head by President Belisario Betancur of Colombia.

"I always get up between three and four in the morning," he says unapologetically. He then begins the day by ringing round the embassies in Bonn, London and Paris to check on the European newspaper headlines. Luckily for the ambassadors, there is a five-hour differential; his own ministers and provincial governors are less fortunate. "I receive the provincial press headlines by telex around four-thirty and then I get on to the governors if I see there is anything that should be attended."

To his supporters, Sr Betancur, aged 62, is the most impressive leader Colombia has possessed this century. Critics accuse him of political theatre and lowering the prestige of the presidency. Certainly he is a maverick and revels in the role.

His boldest, and most controversial, initiative has been to meet guerrilla leaders and agree on an armistice to end a vicious 30-year cycle of violence in the country. He has also declared war on Colombia's mighty drug ring whose power to corrupt individuals and institutions had long been tolerated by the state.

The maverick at home has evolved as a statesman abroad. During his two-and-a-half years of office, President Betancur has built up an unrivalled position of enjoying everyone's ear in Latin America. He was instrumental in forming the Contadore group (Colombia, Mexico, Panama and Venezuela) in January 1983 to promote a regional peace plan for Central America. His efforts were largely responsible for moulding Latin American debtors into the Cartagena Group (called after the Colombia port of that name). He has now become a sort of Latin American "Mr Fix-it."

Despite this international dimension—rare for a Colombian President—his efforts to turn guerrillas into parliamentarians have aroused the most interest.

Colombia is the strategic link between North and South America. If the policy works, it will serve as an example of how to tackle one of the continent's most intractable problems. If it fails, the military both in Colombia and elsewhere will be confirmed in their belief that they know best how to deal with subversion.

Previous Colombian presidents have come largely from the landowning and business oligarchy. President Betancur is proud of his peasant origins. He grew up on a smallholding near Medellin on the western chain of the Andes. Patronage took him to a seminary, and then he followed the path of a gifted student, studying law and economics before entering journalism and later politics.

Colombian politics centre round a two-party system—the Conservatives and Liberals—that has existed since the last century. "They are the two columns on which the political establishment rests," says Sr Betancur. Although he joined the Conservative Party, he has never been fully part of the political establishment.

Through the force of his own personality he has established a popular constituency of his own outside the two-party system. At times he appears to delight in breaking new ground. He has seen women promoted to top jobs: three ministers and every deputy minister except for the armed forces and the presidency.

When he assumed the presidency in August, 1982, few believed he could act effectively on his electoral pledge to end the guerrilla war.

A Communist guerrilla movement, the Colombian Revolutionary Armed Forces (Farc), emerged in the countryside in the late 1940s. Subsequently, three other revolutionary groups were spawned, the best known being M-19, run by disaffected middle-class graduates. Total guerrilla strength has never been more than 14,000, 90 per cent of which is accounted for by the Farc. In a country of 26m inhabitants, the guerrillas have never threatened the overthrow of the government: but they have been profoundly disruptive.

In 1983, President Betancur met secretly with guerrilla leaders in Madrid. Once a basis of trust had been established, he went public, being careful to take the nation into his confidence. A Peace Commission was established to negotiate the terms on which the guerrillas should rejoin society. The first group to sign a ceasefire was the Farc in April last year, followed in August by M-19. Only one tiny group has refused to sign.

Dr John Agudelo, head of the Peace Commission, gives five reasons why progress has been made: (a) President Betancur has committed his personal prestige; (b) The guerrillas trust the President; (c) The President's democratic commitment has removed the value of most of their revolutionary slogans; (d) The guerrillas realise they cannot achieve their aims through the force of arms; (e) The public is weary of violence.

In 1980, opinion polls showed over 60 per cent sympathetic to the guerrillas. This year, the percentage has fallen to six.

The great novelty in Sr Betancur's approach has been his decision to let the guerrillas stay in their own armed camps with weapons and uniforms, pending laws in parliament laying down pardons and new rules for political parties.

The President's initial involvement in diplomatic initiatives in Central America was in part, an insurance policy. He was concerned that conflict in Central America, both through increased U.S. involvement and the successful export of the Sandinista revolution in Nicaragua could affect Colombia. It was on this basis that he persuaded the residents of Mexico, Panama and Venezuela to support the "Contadora" initiative. Through Contadora, Sr Betancur has acquired a reputation as a mediator, especially in the conflict in Nicaragua and El Salvador.

The reputation as a backstage negotiator led President Betancur almost involuntarily into a key moderating position among the Latin American debtors. With the Brazilian and Mexican heads of state he stalled the formation of a debtor's club. Instead he steered the main debtors to form an 11 nation "consensus" at the Colombian Caribbean port of Cartagena in June 1984.

President Betancur's moral authority in the debt crisis has been strengthened by Colombia's own position. Colombia has not restructured its $7.4bn public sector foreign debt—one of two countries not to do so in Latin America. A tight austerity programme has been in force with one exception—a $750m metro project for Medellin, argued on the ground of this city having the highest unemployment in Colombia. It is also Sr Betancur's home base. "He has managed to sell austerity because he gives the public the impression that there is some light at the end of the tunnel," says Dr Jorge Ospina, Minister of Planning.

The light at the end of the tunnel is that the traditional basis of Colombia's coffee-based economy is about to change. In 1986, as a result of promising oil discoveries in the plains near the Venezuelan border, Colombia will become a net oil exporter. Last month Colombia also joined the ranks of the world's coal exporters.

This economic diversification has aided President Betancur in his toughest fight of all—against drugs. "The drug business presents a major threat, if not the major threat, to the stability of Colombia," he says.

The drug barons are reckoned to have more than Colombia's entire foreign debt at their disposal to subvert the state for their own ends. Their power was graphically illustrated recently. Death threats against all individuals associated directly or indirectly with governments co-operating to control narcotics led to an exodus in January of senior executives of U.S. companies and U.S. embassy personnel.

The President has become a prime assassination target and his security staff are constantly concerned by his confidence in his own safety. He believes he has calculated the risks, but the Presidency has become highly personalised—so much so that politicians are already worrying how this vacuum can be filled, by his successor, when he vacates office in August, 1986.

FINANCIAL TIMES
Tuesday April 23 1985

Moët set to tap a bubbling market in Australia

By Paul Betts in Paris

MOËT-HENNESSY, the leading French champagne and cognac group, is planning to invest up to $10m to prodoce and bottle sparkling wines in Australia.

The company, which owns the Moët Chandon and Dom Perignon champagne labels, is hoping to repeat in Australia the success of its sparkling wine production venture in the Naps Valley, California.

Moët-Hennessy's board has already accepted in principle the Australian venture, which is expected to be given final approval in September. The company plans to follow the same strategy in Australia as it did to build up its Domaine Chandon sparkling wine operation in the U.S.

The investment is not expected to total more than $10m, against about $50m spent on Domaine Chandon, because of the smaller size of the Australian wine market compared with the U.S.

Like its Californian operation, the company plans to buy land to Australia, probably in the state of Victoria, grow its own vines and subsequently construct a winery to produce and bottle its own range of sparkling wines.

Senior executives at Moët-Hennessy said yesterday that the company had been impressed by the new generation of wine growers and producers in Australia. The group is hoping to bring out its first bottles of Australian sparkling wine before the end of the decade.

The planned expansion into the Australian market is the latest diversification of the French blue-chip company, which yesterday reported a strong 32 per cent advance in net group earnings to FFr 547m ($60.2m) last year from FFr 414m the previous year. Sales rose 28 per cent to FFr 6.8bn last year

Cognac sales rose by 46 per cent as a result of a particularly steep increase in Far Eastern sales, while champagne sales rose by 22 per cent and perfume and cosmetic sales (the group owns the Dior perfume company) rose by 21 per cent.

The company is, however, continuing to struggle with the reorganisation and restructuring of Armstrong Nurseries, the second largest producer of roses in the U.S. Moët-Hennessy bought a 90 per cent stake in the Californian nursery for about $3m in 1982, but last year the company lost the equivalent of FFr 60m. Moët-Hennessy also decided to make additional provision of FFr 18m.

M Alain Chevalier, Moët-Hennessy's chairman, said the French group continued to have good long-term hopes for its diversification in the nursery business in the U.S. and France, where it owns 34 per cent of the French Delbard nursery company. Moët-Hennessy is developing "in vitro," or test tube, methods of rose, fruit trees and vine production.

In the U.S., Moët is planning to market a new exclusive variety of roses under the name of the French Collection to boost Armstrong's product range.

Greece to hold early elections on June 2

BY ANDRIANA IERODIACONOU IN ATHENS

MR Christos Sartzetakis, the Greek President, yesterday approved the Socialist Government's request for early general elections on June 2. The Socialists, whose four-year term ends next October, applied to go to the polls early, after a challenge from the conservative opposition in the wake of controversial parliamentary elections which brought Mr Sartzetakis to tha presidential office last month.

According to the Greek constitution, the President can dissolve parliament to renew the Government's mandate in the face of "a national issue of exceptional importance." In his formal letter of approval, Mr Sartzetakis cited two such issues: the constitutional reforms, currently going through parliament, to limit the powers of the President in favour of the legislature, and the Cyprus problem, which is the object of another United Nations peace initiative after the failure of the January settlement talks in New York.

The President's recommendations follow the official reasons invoked by the Government in requesting an early recourse to the polls. Before the general election parliament is to go through a second round of voting on May 6 on the issue of the constitutional reforms, in which a majority of 180 must be achieved in the 300-member house. A first round of voting was held one month earlier. Under the constitutionally prescribed procedure, the reforms will be ratified by the parliament which emerges from the next general election.

The results of these are expected to be a cliffhanger between the Socialists and the conservative opposition, who have said that they are opposed to the constitutional reforms, as well as to the presence of Mr Sartzetakis in the presidency.

Dr Andreas Papandreou, the Prime Minister, and the conservative opposition leader, Mr Constantine Mitsotakis, will both launch their pre-election campaign with speeches at different ends of the country next Saturday.

Mr Mitsotakis has pledged to tap the "entrepreneurial genius" of his countrymen in order to pull the economy out of high inflation and recession if his New Democracy party upsets the ruling Socialists in the next general elections.

„Every Greek who wants and can be a businessman shall be one," New Democracy's economic programme, released over the weekend, declares. The conservatives pledge "gradually" to reverse the expansion of the public sector.

M François Mitterrand

More join Barre in tough stand against Mitterrand

By David Housego in Paris

M RAYMOND BARRE, the former French Prime Minister, has set a bandwagon rolling among the opposition with his demand that President François Mitterrand should resign if the right wins a majority in the parliamentary elections next March.

Since M Barre's outspoken broadcast a week ago, in which he announced that he would refuse a vote of confidence to any right-wing Government which accepted office while M Mitterrand remained as President, 25 deputies from the centrist UDF group have pledged their support for his stance.

Over the weekend another centrist faction, the CDS, which forms part of the UDF, also announced that it would not participate in a Government while M Mitterrand remained at the Elysée.

Thus M Barre is now close to obtaining the public support of half the 74 UDF deputies in the present Assembly and within striking distance of his objective of 100 followers in the Assembly to be elected next year. If he should achieve that score, it would be almost impossible for a Government to be formed in 1986 – thus provoking a constitutional crisis in which M Mitterrand's office would be at stake.

M Barre's intransigence on grounds of principle is deeply embarrassing to the other opposition leaders such as M Jacques Chirac, the head of the neo-Gaullist RPR, and M Valery Giscard d'Estaing, the former President, who have said they will work with M Mitterrand.

M Chirac declared last week that it would be impossible for the opposition, if it gained a majority in 1986, to refuse office. "That would be neither responsible, nor reasonable, nor serious," he said. M Chirac's idea is that a right-wing Government could carry through its programme by virtually isolating M Mitterrand in the Elysée.

M Chirac believed his view had triumphed after Easter when the parliamentary opposition signed a joint declaration of government intended to bind them together against manoeuvring by M Mitterrand. He had not counted, however, on M Barre's intervention.

The only recent word from M Mitterrand on what he will do if the right is victorious next year came in a Delphic statement last week. He said that he would accept the presidency whatever majority the country gave him next March but would not remain "inert."

M Mitterrand will have a chance to elaborate on these remarks when he appears on television on Sunday. After being much discomfited by the unexpected resignation of M Michel Rocard, the most popular of the Socialist ministers, before Easter, the Government has taken fresh heart from the opposition's divisons.

M Mitterrand will be broadcasting at a time when his standing in the public opinion polls remains at a record low for a President of the Fifth Republic, but when M Laurent Fabius, his Prime Minister, is riding high.

Bonn gives hint of farm veto if German cereal prices are cut

BY IVO DAWNAY IN BRUSSELS

HERR IGNAZ Kiechle, the West German Farm Minister, yesterday gave his first clear hint that Bonn would veto any final EEC agricultural prices package that involved cuts in cereals prices for German farmers.

Speaking in the code of the Community, he was reported to have warned that any reduction in grain prices would conflict with Germany's "vital national interests". The phrase is understood in Brussels to signal a threat to use the veto if ministers try to force the issue in a vote.

Herr Kiechle's warning ended any hopes of a rapid agreement on the Italian presidency's compromise proposals, aimed at breaking the farm-price deadlock. It also directly conflicts with Germany's publicly stated advocacy of a ban on the use of the veto at European Council meetings.

The farm council, originally scheduled for two days, may now continue tomorrow to allow the fine detail of the new proposals to be hammered out. But the essential issue of cereal price cuts, broadly agreed by all countries except Germany, looks no closer to resolution.

Mr Michael Jopling, the British Agriculture Minister and most militant advocate of restraints on agricultural spending, was most pessimistic about the scope for a deal.

"I fear that in many respects it (the compromise plan) takes us backwards rather than forwards," he said.

Other member states were less dismissive. The French, however, remain anxious to ensure that cereal-price reductions go ahead in order to keep their exports competitive in world markets.

The Dutch, while agnostic on the new cereals plan, expressed concern about concessions to Italy and Ireland over their milk production tonnages which could be increased under the compromise's new adjustments to the "superlevy" system for restraining milk output.

The overall level of scepticism in Brussels yesterday suggests, as many farmers fear, that negotiations on a deal – technically due on April 1 – could go on until June.

Bank of Scotland to raise £81m through rights issue

BY DAVID LASCELLES, BANKING CORRESPONDENT

BANK OF SCOTLAND, the fast-growing Edinburg-based bank, is to raise £81m ($104.5m) through its second rights issue in only a year. The news caught the stock market by surprise yesterday and cut 25p off its shares, which closed at 440p.

The bank also reported that its pre-tax profits for the year ending February 28 had risen 36 per cent to £80.4m.

The rights issue is to be in the form of a deeply discounted sale of new shares at 200p each on a one-for-two basis. This will avoid the need to have the issue underwritten and will save about £1m in fees. Tha new stock, dealing of which will start on May 8, will not carry the right to receive the final dividend of 9.25p.

Standard Life, the Edinburgh-based life insurance company which is Bank of Scotland's largest shareholder with 34 per cent, will subscribe for its entitlement. Standard Life only acquired this stake from Barclays Bank in January.

Exactly a year ago, Bank of Scotland raised £41.5m through a rights issue and is considered to be one of the most strongly capitalised banks in the UK.

However, a relatively large proportion of its assets is in tha form of loans and this gives it a higher risk asset ratio than other banks which place more of their funds in the inter-bank market. This means the hank needs a stronger underpinning of capital.

The Bank of Scotland also wants fresb resources to support the rapid growth of its business; the timing of the rights issue appeared to have been dictated partly by the recent strong performance of its share price, according to bank stock analysts.

The bank's surge in profits last year was due mainly to the buoyancy of its loan business, though this has been squeezed by the recent rise in interest rates. The bank also expects to increase its staff by about 3 per cent this year to handle its growing business.

Bank of Scotland's strategy is to expand into the English market using new technology or alliances with existing institutions rather than building up a hranch network. It has a joint account venture with the Alliance building society and markets the credit card Visa through the Automobile Association. It recently won the contract to administer the new Marks & Spencer credit card.

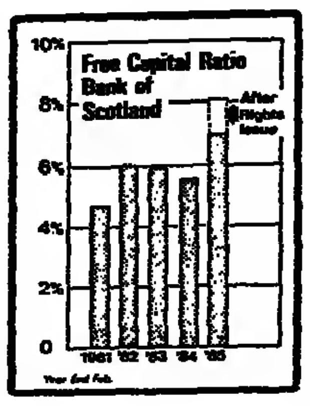
The proceeds of the rights issue are unlikely to be used for a major acquisition, management says, because of the bank's preference for developing its own new businesses.

See Lex

THE LEX COLUMN

Rainy days in Edinburgh

The City of London has become inured to large fund-raising exercises by the clearing banks, but yesterday's second rights issue in a year from Bank of Scotland was a little hard to swallow. Last year's effort, which raised £41.5m, was a neat bit of queue-jumping in front of the English clearers and the prescrip shares lost a penny. Yesterday's deep-discounted issue took 25p off the share price.



Of course, Bank of Scotland joined the rights issue queue in January 1984 without an inkling that its opportunism would turn into a scramble to plug deferred tax positions opened by the Chancellor of the Exchequer two months later. Equally, the bank has turned in results for the year to February which, at the taxable level, show profits growth that leave all but Nat West standing. It is a bank with interesting ideas on how to expand into England without developing a branch network.

Yet by the most accessible messures of capital adequacy, Bank of Scotland does not need £81m. Even after a 17 per cent increase in group assets last year, the bank's free capital base stood at 7 per cent of its equity, 2 or 3 points ahead of the English clearers. While the issue of loan stock has masked a deterioration in the equity base, this was still 2 points better than the competition, and post-rights stands at an opulent 5.4 per cent. It seems rather perverse for the bank to appeal to the Bank of England's risk-assets ratio, which is anyway only slightly less good vis-a-vis the other clearers.

Bank of Scotland did have the decency to say that around half the proceeds would vanish into capital expenditure in the next two years; but the question must be whether the bank is expanding too quickly, if not for its own good, then for the patience of its shareholders. Given a full year of one rights issue and eight months of the next, Bank of Scotland can make over £100m before tax this year – even given lower margins on mortgage lending. This puts a lowly bank share at only a small discount to the market as a whole.

But if Bank of Scotland gets the benefit of the doubt, its major shareholder does not. Having paid 550p for the Barclays stake, the policyholders of Standard Life have seen this fall to 440p and must stump up another £28m. Not good.

Retail sales

Yesterday's retail sales figures contained a bewildering number of revisions, but at least the general message accorded happily with the conclusions of this week's FT/CBI survey. The provisional volume index for March no doubt reflected some bounce back from the poor weather of the previous month, as well as the arrival of a pay packet in miners' pockets. But, taking the first quarter of the year as a whole, the implied 4 per cent growth in consumer spending looked strong enough to cater for the odd distortion. Indeed, retail sales seem remarkably buoyant in the light of rising interest rates and the slight squeeze on real incomes suggested by last week's RPI figure. At any rate, the stores sector was impressed. On a very dull day in the stock market, it was the only area to show any life at all.

Currency options

While some parts of the City of London may be relishing their last days of comfort before a more spartan atmosphere of competition sets in, the stock exchange options committee and the London International Financial Futures Exchange (Liffe) are busily preparing to slug it out over the introduction of currency options. Liffe has set a launch date of June 27, and it now looks as if the stock exchange will try to score a point or two by starting its own in the middle of next month. The two sterling/dollar contracts will be pretty similar in design; though Liffe's is twice the size – with an underlying value of £25,000 – buyers there will have to put up only a percentage of the purchase premium.

Corporate treasurers, in particular, may find the contracts a more useful insurance than the forward or futures markets. Those who hedged against a dollar fall last year by selling the currency forward may have insulated themselves from possible exchange-rate losses, but they also missed out on the biggest dollar bonanza ever. Taking out an option might have been initially more expensive, but at least it would have avoided embarrassing explanations to their boards.

The Bank of England, meanwhile, will be pleased that commercial banks who have been writing over-the-counter options – and sometimes losing substantial sums – will now be able to lay off their risk in London. But it is strangely indifferent to the competitive aspect. As Liffe's early experience showed, people are reluctant to use these markets until there is enough volume to ensure liquidity. Since trading has to be conducted in a pit, the existence of two physically separate markets can only reduce the liquidity in each. And it is difficult to see how one exchange could produce a service superior enough to draw all customers in one direction. The exchanges are making it not just harder for each other, but also for themselves.

Unilever

While not everyone may be intrigued to see Unilever's 1984 results expressed in Austrian schillings, the wealth of useful and not so useful information in the group's accounts does at least enable the investor to test the group's claim that it is pursuing a more aggressive and selective strategy.

In almost all respects, the numbers bear out the Unilever view. Capital spending was only just above the current cost depreciation charge last year, but, counting in acquisitions, the group spent over £1bn, which is big money even by Unilever's standards. Moreover, the group is conspicuously directing its cash towards areas of high return. Capital spending in the EEC was at exactly the same level last year, in nominal sterling terms, as in 1980. In North America, by contrast, Unilever has increased its spend fourfold over the same period.

The EEC is the one area to be showing a distinctly substandard return on capital. Last year, it amounted to 11.6 per cent, compared with an average of 20 per cent in the rest of the group. Bringing it up to the group norm would add £200m or so to Unilever's operating profits. But that looks a tall order, even for the new-look Unilever.

Tokyo pressed on trade plans

Continued from Page 1

There is still a suspicion in some Western capitals that the Japanese will use the prospect of new negotiations under the General Agreement on Tariffs and Trade (Gatt) to delay that process.

EEC Ministers have stopped short, however, of saying that market-opening in Japan is a precondition for their assent to a Gatt negotiation.

Mr Tebbit warned his Japanese hosts of the dangers to world trade of s European backlash against what is still seen as covert Japanese protectionism.

He also urged ministers to increase public procurement from Europe as a demonstration of good faith.

Neves's successor seeks support

Continued from Page 1

The chief focus of attention is Sr Francisco Dornelles, the Finance Minister, who was the President-elect's nephew and one of his closest aides. Bankers in Brazil believe that President Sarney will, out of loyalty to the memory of Sr Neves, initially confirm all the ministers in their posts; but they doubt whether the Finance Minister – an orthodox monetarist expected to take tough measures – will survive for long.

In practice, Brazil is likely to be governed during the coming months through a mutually self-sustaining pact between the President and a federal Congress anxious to reassert its long-suppressed constitutional authority. Priority will be given to preparations for a Constituent Assembly, to be elected next year.

Political commentators expect that the informal alliance between Sr Sarney and Sr Ulysses Guimaraes, the left-wing president of the Chamber of Deputies, the lower house, will lead to greater attention to pressing social issues than would have been the case under a Neves Government.

It is also expected to lead to a hardening of Brazil's stand on its foreign debt negotions with bank creditors and the International Monetary Fund. Negotiations are sheduled to resume in earnest next month, but any new agreements will have to be acceptable to a Congress ill-disposed to accept any further austerity.

Anne Charters in São Paulo adds: Thousands of people lined the streets in São Paulo as a fire truck carried Sr Neves's flag-draped, simple pine coffin to the city airport where a Brazilian Air Force jet waited to fly the body, with family and officials, to Brasilia.

The small official procession was joined by hundreds of young motorcyclists and crowds on foot as it moved for two hours through the city over what is normally a 20-minute drive. The cortege halted frequently while the few military police present asked the orderly Brazilians filling the streets to link hands to clear a path.

Flower sellers passed roses to the crowds of flag-waiving people waiting to bid farewell to Sr Neves. Applause and tears greeted the sight of the fire truck and the honour guard of Paulista firemen.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Dubrovnik	S	18	64	Malaga	D	15	59	Salzburg	S	23	73
Akrotiri	F	20	68	Faro	R	15	59	Malta	F	18	64	Seoul	C	13	55
Algiers	C	15	59	Florence	C	19	66	Manila	S	36	97	Singapore	R	32	90
Amsterdam	F	14	57	Frankfurt	S	18	64	Miami	S	24	75	Stockholm	F	11	52
Athens	S	19	66	Funchal	C	16	61	Milan	F	16	61	Strasbourg	F	16	61
Bahrain	S	35	95	Geneva	F	18	64	Moscow	C	17	63	Sydney	C	17	63
Bangkok	S	35	95	Gibraltar	R	15	59	Munich	S	21	70	Taipei	S	28	82
Barcelona	C	15	59	Guernsey	C	9	48	Nairobi	-	—	—	Tangier	R	14	57
Beirut	C	17	63	Helsinki	F	8	46	Naples	S	22	72	Tehran	-	—	—
Belgrade	S	21	70	H Kong	S	27	81	New Delhi	S	36	97	Tel Aviv	F	17	63
Berlin	S	15	59	Innsbruck	C	18	64	New York	S	29	84	Tenerife	C	21	70
Biarritz	F	16	61	Inverness	R	11	52	Nice	S	17	63	Tokyo	C	20	68
Blackpool	F	11	52	Istanbul	C	10	50	Oporto	F	12	54	Toronto	S	24	75
Bordeaux	C	13	55	Jersey	R	9	48	Oslo	F	9	48	Tunis	C	16	61
Brussels	F	14	57	Jo'burg	S	24	75	Paris	C	16	61	Valencia	F	19	66
Budapest	S	20	68	Las Palmas	F	21	70	Prague	S	19	66	Venice	S	16	61
B Aires	C	21	70	Lima	S	23	73	Reykjavik	C	8	45	Vienna	S	20	68
Cairo	F	22	72	Lisbon	F	14	57	Rio de J'o	C	27	81	Warsaw	S	20	68
Cape Town	R	17	63	Locarno	C	16	61	Rome	S	22	72	Zurich	F	17	63
Caracas	C	29	84	London	S	14	57								
Casablanca	F	19	66	Los Angeles	F	19	66								
Copenhagen	C	11	52	Luxembourg	C	16	61								
Corfu	S	20	68	Madrid	C	10	50								
Dublin	C	8	45	Majorca	C	17	63								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder H–Hail

United buys Pan Am's Pacific routes

Continued from Page 1

The divestment of the Pacific division trims the group by about 25 per cent. Although figures for 1984 are not yet available, in the preceding year the division was the second largest revenue earner in the Pan Am empire, generating sales of $817m against $1.4bn for the Atlantic division.

On domestic routes, Pan Am had revenues of $792m, and in Latin America $444m, but the U.S. operations were by far the biggest lossmakers, running up an operating deficit of $248m against $83m for the Pacific operations. Last year, Pan Am suffered an overall loss of $207m on revenues of $3.7bn.

United, which is based in Chicago, said yesterday that it has long held the ambition to expand in the Pacific region, which it sees as a growth market. The company has recently been coming under some pressure in the U.S. from discount carriers, particularly Continental Airlines and People Express, though its share of U.S. traffic last year was roughly stable at 19 per cent.

Analysts said that United will have no problems in financing the acquisition. Wall Street estimates suggest that the company had about $440m in cash at the end of last year, and it has very large borrowing facilities.

Some analysts argued, however, that United may have problems in making money in the Pacific. In recent years, competition on the Pacific routes has been intense and margins very slim because of the significant proportion of discount business, they said.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday April 23 1985

Authority acts on bank loan to Pickens

By Bernard Simon in Toronto

CANADIAN bank regulators have intervened to limit the participation of Vancouver-based Bank of British Columbia in Mr T. Boone Pickens' takeover bid for Unocal of San Francisco.

According to documents filed with the U.S. Securities and Exchange Commission last week, Bank of British Columbia has agreed to contribute $100m, equal to more than three-quarters of its total capital, to the $3.9bn package Mr Pickens has put together to finance his bid for Unocal. Under Canadian banking rules, domestic banks are discouraged from committing more than 25 per cent of their capital to a single borrower.

A government official in Ottawa said that Bank of British Columbia's commitment "is well beyond the limits relative to the bank's capital and the loan will have to be reduced." The authorities have instructed the bank to syndicate the loan to other investors, and have laid down other unspecified conditions for its continued participation in the Unocal transaction.

Bank of British Columbia has become an increasingly aggressive institution since the controversial former steel and coal magnate Mr Edgar Kaiser took over as chairman last September. Before Mr Kaiser's appointment, the bank had suffered substantial losses due to its heavy exposure to the western Canadian real estate market.

Mr Kaiser spearheaded a financial restructuring, which has more than doubled the bank's capital and reserves. Bank of British Columbia had assets of C$3.1bn (U.S.$2.29bn) on January 31, 1985 and posted a first-quarter profit of C$1.3m. None the less, the new chairman has raised eyebrows by committing the bank to a large stake in his executive jet and by several controversial management appointments.

Referring to the bank's participation in Mr Pickens' Unocal bid, an official said that "it is not our intention to sit with the total risk on our books."

Monsanto blames strong $ for 50% profits fall

BY PAUL TAYLOR IN NEW YORK

MONSANTO, the fourth largest U.S. chemicals group, yesterday blamed the strength of the U.S. dollar and fierce import competition for a sharp 50 per cent decline in first-quarter net earnings.

Meanwhile SmithKline Beckman, the U.S. pharmaceuticals group, noted that its results were hurt by the strength of the dollar, which it said reduced its sales in the latest period by an estimated $24m. Nevertheless, the drugs group managed to post a 7.1 per cent gain in total sales, helped by higher sales of its Tagamet ulcer drug, and hold operating earnings steady.

Monsanto said net earnings fell to $87m or $1.12 a share from $175m or $2.13 a share in the year-ago period on sales that fell by 6 per cent to $1.62bn from $1.73bn.

Mr Richard Mahoney, Monsanto's president and chief executive, noted: "With the U.S. dollar continuing to remain strong against other currencies in the first quarter, compared with a year ago, import competition increased dramatically. Direct competition in the U.S. from foreign chemical producers had a negative impact on profitability because selling prices in our major markets were increasingly dictated by the weaker currencies of Europe."

Mr Mahoney also noted that demand for a variety of products remained slow in the first quarter as the company's customers continued to lose business to foreign customers and added that domestic herbicide shipments of its two main products, Roundup and Lasso, were below expectations.

SmithKline Beckman reported flat first-quarter earnings from continuing operations of $131.8m or $1.66 a share compared with $130.5m or $1.57 a share in the year-ago period, when a $3.3m or 4 cents a share gain from the sale of businesses increased net earnings to $133.8m or $1.61 a share.

In the latest period, the company said that higher sales of Tagamet in the U.S. were "a major factor" in quarterly results that showed total sales expanding to $770m

Asarco may face test

BY OUR FINANCIAL STAFF

MR ROBERT Holmes à Court, the Australian financier seeking control of Asarco of the U.S., may be able to use his votes against "poison pill" defence measures being proposed by the board of the troubled mining group at its annual meeting tomorrow.

Through Weeks Petroleum – part of his Bell Resources group – Mr Holmes à Court holds 8.9 per cent of Asarco but, because of a possible technical breach in reporting its stake, had agreed with the Federal Trade Commission not to exercise its ownership rights until last Friday.

A Weeks lawyer said in New York yesterday that the company was aware of no extension of this period. The commission itself declined to comment.

Israeli bank back in black

BY DAVID LENNON IN TEL AVIV

BANK HAPOALIM, one of Israel's two largest banking groups, reported a return to profitability last year, following the heavy losses of 1983.

The bank recorded a net income of $34m in 1984, compared to the $93.5m loss the previous year. Total consolidated assets declined slightly to $19.2bn.

The bank's domestic operations were streamlined through the closing of some branches and staff reductions. This, together with the introduction of more realistic interest rates and service charges, played a key role in the recovery.

Boesky reduces stake in CBS

By Paul Taylor in New York

MR IVAN BOESKY, the Wall Street investor, said yesterday that he had sold about half his 8.7 per cent stake in CBS, the U.S. broadcasting group, which faces a controversial $3bn takeover bid from Turner Broadcasting.

The move, revealed in a filing with the U.S. Securities and Exchange Commission (SEC) came as the CBS board was meeting to prepare its first official response to the bid – a response which was widely expected to be hostile.

Mr Boesky's sale was generally seen as underlining Wall Street's scepticism about the Turner bid, which is based on the issuance of a huge volume of high-yielding low-quality "junk" bonds coupled with the probable sale of some of CBS' non-broadcasting assets.

The Wall Street arbitrageur said in the SEC filing that he had sold 1.32m CBS shares on the open market, reducing his stake in the premier U.S. television network from 8.7 per cent to about 1.27m shares or 4.3 per cent.

Mr Boesky said he was following the Turner bid, which he described as "exceptionally complex," very carefully and added that the offer should not be underestimated.

"I am impressed with Mr Turner's business record, which clearly demonstrates that he is a skilful, tenacious and determined man," Mr Boesky said. "I also have enormous respect for CBS, its business and future prospects, as reflected by my substantial investment position in the company, which continues."

He added that "depending on developments and the outcome of our study we may or may not make further sales or purchases of CBS shares."

Setback continues for Exxon in first quarter

BY WILLIAM HALL IN NEW YORK

A SLUMP in the profits of its worldwide refining and marketing operations has resulted in Exxon, the world's biggest oil company, reporting lower earnings for the second consecutive quarter. It announced a 10.2 per cent drop in first-quarter net income to $1.32bn yesterday.

Standard Oil Company of Indiana, the second most profitable U.S. oil company after Exxon, also reported weaker earnings yesterday announcing a 20.4 per cent drop in first-quarter net income to $473m.

Mr C. C. Garvin, Exxon chairman, said the first quarter reflected a continuation of the slower economic growth of the last half of 1984, in contrast to the strong first quarter last year. That and industry overcapacity resulted in highly competitive market conditions throughout the quarter. Crude oil prices weakened during the quarter but improved as it ended.

The company also blamed the strength of the dollar during most of the first three months of 1985 for its lower earnings. That added to the pressure on overseas refining and marketing margins. Petrochemical prices were also lower in the first quarter of the year.

The biggest drop in Exxon's earnings came on its overseas refining and marketing operations which reported a $100m drop in earnings to a nominal $16m. In the U.S. Exxon earned $13m compared with $81m last year.

Exxon, which has been more successful than some U.S. oil majors in adjusting its refining operations to reduced worldwide demand, said that its margins were under pressure because of overcapacity and because product prices failed to keep pace with local currency crude oil costs. Overseas petroleum product sales volume fell 1 per cent in the latest period.

In the first three months of the year, Exxon bought back 17.4m of its shares for $824m which helped to cushion its earnings decline at the per share level to a 2.3 per cent drop to $1.71.

Exxon increased its U.S. earnings from exploration and production by 2.7 per cent to $586m in the latest quarter.

Standard Oil of Indiana, which reported a 13.3 per cent drop in earnings a share to $1.78 in the first quarter, blamed its profit decline on several factors: lower domestic crude oil and natural gas production volumes; higher exploration expenses overseas; and the impact of intensive competitive pressures on refined product prices in the U.S.

Improvement at Northern Telecom

By Bernard Simon in Toronto

NORTHERN TELECOM, the Canadian telecommunications equipment manufacturer, lifted net earnings to C$75.7m (U.S.$56m) or 63 cents a share, in the three months to March 31, from C$57.1m or 38 cents a share a year earlier. The latest results include preferred dividends of C$8m.

Revenues rose by 47 per cent to C$1.4bn and the company's order backlog stood at C$2.4bn at the end of March, almost the same as the end of 1984 but 39 per cent higher than a year earlier. Operating income rose from C$78m to C$128.3m.

The strong improvement is due mainly to the group's rapidly expanding digital systems business with U.S. regional telephone companies. Sales in the U.S. jumped by 65 per cent to C$900m.

Revenues from central office switches, notably the DMS system, totalled C$638m in the first quarter, two thirds higher than the previous year.

Dornier employees back takeover move

BY JOHN WICKS IN ZURICH

EMPLOYEES of the West German aircraft concern Dornier yesterday supported a move by Daimler-Benz to take over control of the company.

At meetings in Immenstadt and Munich an overwhelming majority called for a takeover of a majority stake by Daimler-Benz alone or with the state government of Baden-Württemberg.

The employees said they would prefer control of Dornier remaining in Baden-Württemberg rather than passing to the Düsseldorf – based Mannesmann group, as expressed earlier by Herr Lothar Spaeth, state premier of Baden-Württemberg.

At the employees' meeting it was disclosed that family members Ellen, Peter and Christoph Dornier were prepared to sell their shares. The employees called on the remaining members, the brothers Justus, Claudius and Silvius Dornier, to take a similar decision and "end the uncertainty" surrounding the feud-stricken company.

The fact that brothers Peter and Claudius and sister-in-law Ellen Dornier have decided to sell out indicates a split of the former alliances in the family. Herr Justus Dornier, who with his brother Christoph and his brother Donatus' widow Ellen Dornier has hitherto made up the so-called Zurich faction," said as recently as February that Dornier was "not for sale."

Should the three family members concerned sell their shareholding 33.8 per cent of the capital would be freed. A further 27.8 per cent is contained in the estate of Frau Anna Dornier, the late widow of company founder Claude Dornier.

At the same time as the employees' councils' meeting in Immenstadt and Munich negotiations were going on in Stuttgart aimed at a sale of Dornier shares. No statement was obtainable from that meeting, which was attended by Premier Spaeth.

Olivetti stages strong growth

By James Buxton in Rome

THE CONTINUALLY improving fortunes of Olivetti, the Italian data processing equipment maker, received further confirmation yesterday, with the announcement that its group profits had risen 20.6 per cent last year to reach a record L356bn ($186m).

Sales of the Ibrea-based company, rose by 22.5 per cent to L4,578bn. The group net income figure was reached after taking inm account its amortisation of L250.5bn and taxes of L120.1bn.

Last month Olivetti announced a 69 per cent jump in profits for its parent company, Ing. C. Olivetti, on sales which at L2,552.5bn account for a little over half group turnover. The company lifted its dividend to L275 on ordinary shares, against L240 last year.

Consolidated shareholders' equity in the group rose from L1,202bn in 1983 to L1,958bn in 1984, while group debt fell by 56 per cent from L726bn in 1983 to L319.3bn in 1984.

Guinness lifts U.S. imports

By Lisa Wood in London

ARTHUR GUINNESS, the UK brewing and retailing group, yesterday announced new entries into its portfolio of beers exported to the U.S.

Imported beers are one of the few growth areas in the U.S. beer market with sales, albeit small at around 5 per cent of the total market, growing by 30 per cent last year.

Guinness Import Company, the U.S. arm of Guinness Brewing Worldwide, has signed an agreement with the French brewer, Brasseries Kronenbourg of Strasbourg, to market its Kronenbourg branded products in the U.S. With this exclusive agreement Guinness will take on U.S. rights for the Japanese Asahi beer products, formerly held by Kronenbourg.

Moulinex cedes 20% stake to Scovill

BY DAVID HOUSEGO IN PARIS

MOULINEX, the French kitchen equipment manufacturer, is to cede 20 per cent of its capital to Scovill of the U.S. as part of a wide-ranging commercial agreement intended to boost Moulinex sales in the U.S.

The move came as the French manufacturer announced an 11 per cent fall in net profits for 1984 to FFr 61m ($6.7m) and a lower dividend. Turnover improved by 14 per cent to FFr 3.3bn.

The tie-up with an American partner is also intended to pave the way for a solution to the problem of a successor to M Jean Mantelet, the president and founder of Moulinex.

Scovill, through its Hamilton Beach subsidiary, is one of the U.S. leaders in the light kitchen equipment. It will be acquiring its near 20 per cent stake from M Mantelet, who holds 63 per cent of Moulinex's shares.

Moulinex shares closed FFr 5.40 lower at FFr 101.60 yesterday. This puts a stock market value of around FFr 240m on a 20 per cent share stake.

In order to conserve funds for investment, Moulinex is to drop its dividend to FFr 3 per share from the 1983 level of FFr 4.

The link with Scovill provides for Moulinex to ship to the U.S. supplies of components and spares. It will also enter into a joint venture with Hamilton Beach to market Moulinex products in the U.S.

As a result of the deal with Scovill, Moulinex plans to break off its existing links with Regal, the U.S. manufacturer.

Scovill, which was recently acquired by the Belzberg brothers of Vancouver for around $515m, is a widely diversified group best known for its kitchen equipment and zip fasteners. In 1983, kitchen equipment accounts for 30 per cent of profits, which after tax totalled $25m.

Scovill's U.S. marketing efforts on behalf of Moulinex will lay specific emphasis on the French group's higher value added products, Moulinex says.

Kaufhof dividend trimmed by DM 1

By John Davies in Frankfurt

Kaufhof, West Germany's second largest retail store group, is cutting its dividend after deciding to strengthen its financial reserves from last year's increased earnings.

Net profit of the parent company rose to DM 52.5m ($17.6m) last year from DM 49.5m in 1983. But after transferring DM 9.6m to reserves, it is paying a reduced dividend of DM 6.50 a share, compared with DM 7.50 on 1983's results.

Kaufhof is 24 per cent owned by the Metro hypermarket group, with a further 17 per cent stake held by Union Bank of Switzerland and about 10 per cent by Dresdner Bank, West Germany's second largest bank.

The Kaufhof supervisory board yesterday formally named Dr Jans Odewald, a 44-year-old member of the management board, to succeed Herr Friedrich Roesch as chief executive. Herr Roesch, who worked his way to the top in a 50-year career with the retail group, is to transfer to the supervisory board.

Kaufhof, like other retail groups, felt the impact of flagging consumer buying last year, with the labour conflict in industry over shorter working hours keeping spending down. Unusual weather also played havoc with the stores' clothing sales.

The Kaufhof parent company has already disclosed that it suffered a 2.9 per cent drop in sales revenue to DM 5.48bn last year, while the group — including various retailing, travel, food and fashion businesses — showed a 1.7 per cent decline in sales to DM 8.43bn.

Pechiney seeks backing for alloy casthouse

BY PAUL BETTS IN GRENOBLE

PECHINEY, the nationalised French aluminium group, is seeking FFr 300m ($33m) in state backing to finance the construction of an industrial facility to produce aluminium-lithium alloys on a commercial scale for the aerospace industry.

Pechiney sees production of aluminium-lithium as a key element of its longer-term strategy. It is worried that it could fall behind in this emerging new metal fabricating sector to competitors like Alcan and Alcoa if it cannot secure the necessary financial backing.

Aerospace manufacturers are already experimenting in the use of aluminium-lithium, which is at least 10 per cent lighter than existing materials. Aluminium-lithium is likely to be used on part of the landing gear of the new Airbus A 320 twin-engined 150-passenger seater aircraft. Dassault of France is also considering use of the material in its ACX combat aircraft.

At present, Alcoa, Alcan (with a plant in the UK), and Pechiney are the three main aluminium groups developing the product. Pechiney has decided to invest about FFr 500m in aluminium-lithium production and development, including FFr 300m for the new industrial casthouse.

The French company set up last year a prototype aluminium-lithium casthouse at its aluminium research centre near Grenoble. It has already supplied aerospace manufacturers with samples of its product.

Pechiney wants to start commercial production of aluminium-lithium in 1987 at its Issore manufacturing facilities in central France. The company would like construction of the new industrial casthouse to begin this year. The initial target is to produce 3,500 tonnes of aluminium-lithium a year in 7-tonne ingots, rising in a second phase to 12,000 tonnes.

But M Georges-Yves Kervern, chief executive of Pechiney's aluminium operations, said that the project now hinged on getting the necessary financial backing.

The group is negotiating soft loan support from the Government. It is also trying to persuade French aerospace groups, including Aerospatiale, the state-owned aerospace concern, to participate in the financing.

The venture is part of a series of investments designed to strengthen the group's activities in the aerospace sector which already accounts for FFr 6.5bn in annual sales or 18 per cent of Pechiney's total sales of FFr 35bn last year.

Among other investments for the aerospace sector are:

● A FFr 90m forging press, mainly for titanium, at the Ugine plant in south east France.

● A FFr 11m investment to build a new facility in Savoy specialising in the manufacture of alloy powders.

● The completion of a FFr 200m joint investment with Toray of Japan and the French Elf Aquitaine oil group in south-west France to produce carbon fibres, largely for the aerospace sector.

● Howmet Turbine Components Corporation, Pechiney's U.S. aerospace engine components subsidiary, has just launched a $16.2m programme to expand its production of large structural components for commercial and military aircraft engines.

Pechiney, which has sustained heavy losses in past years, returned to the black with earnings of about FFr 500m last year.

Valeo wraps up funds deal without W. German group

BY OUR PARIS STAFF

VALEO, the troubled French motor components group, has completed negotiations with a group of financial institutions and shareholders for an urgently needed FFr 250m ($27.5m) capital increase.

But Valeo said that Bosch, the West German car components group, would not acquire a direct stake in the French group as a result of the capital increase.

Valeo, which reported yesterday group losses of FFr 147m for 1984 after earnings of FFr 86.3m in 1983, has been vigorously opposing a plan which would have seen Bosch buy a direct stake in the French group as part of the capital increase.

Valeo has argued that financial links with Bosch would have damaged the French company's credibility as an independent car components manufacturer and rival of the leading West German concern. Indeed, French car manufacturers also expressed opposition to the Bosch link because it would have deprived them of a major independent second source in Europe.

Moreover, other components companies in Europe warned that a Bosch-Valeo link could open the door into the European market for Japanese car components manufacturers, which have been seeking a major opening in the EEC market.

Bosch is already associated with Valeo in a joint subsidiary called Financiere d'Equipment Automobile (FEA) which is 70 per cent held by the French group and 30 per cent owned by the West German company.

Valeo has said it is not opposed to Bosch participating in the capital increase through its share in FEA. Indeed, Valeo added that some of its foreign subsidiaries would also be open to outside interests, although Valeo would retain control.

Valeo's results have suffered from the company's recent difficulties in reorganising and restructuring its starting motors and alternator activities.

Valeo is seeking to reduce the workforce of its Ducellier and Paris-Rhone subsidiaries by about 2,800.

Tapie ready to take over CGE battery offshoot

By Our Paris Staff

M. BERNARD Tapie, the French entrepreneur who has made a business out of taking over bankrupt or dying companies, is about to take over the consumer battery operations of SAFT, the battery subsidiary of the nationalised French electronics conglomerate Compagnie Generale d'Electricite (CGE).

Negotiations between M. Tapie and CGE have been going on for several months. They follow the acquisition last year by the controversial businessman of Pile Wonder, the French battery manufacturer and a direct competitor of SAFT's Mazda battery brand.

M. Tapie snatched Wonder, France's second largest battery maker, from a rival group including Banque Worms and Continental d'Entreprise, a subsidiary of the Swiss Electro-watt concern.

Le Nickel sees breakeven after series of deficits

BY OUR PARIS STAFF

SOCIETE LE NICKEL, the New Caledonian mining company now 70 per cent owned by ERAP, the French state holding company, expects to break even this year after suffering a series of losses in recent years.

The company, which operates the Thio mines in New Caledonia, had a loss of FFr 209.2m ($23m) last year compared with a loss of FFr 393m the year before.

Last year's deficit included several exceptional provisions to cover the troubles in the French Pacific colony which have had important financial repercussions. The Thio mines have suffered from sabotage and forced closures after the rise in political tensions since last November. The French government is seeking an acceptable solution to satisfy the demands of the independence movement and those of the large pro-French community.

Without these provisions, Le Nickel's operations would have broke even last year, reflecting a recovery in operating performance.

The company's main shareholders including ERAP (70 per cent), Elf Aquitaine (15 per cent) and Imetal (15 per cent) are now going ahead with a reorganisation of the company.

Le Nickel's sales last year totalled FFr 1.85bn compared with FFr 1.32bn the year before. The company said that barring any worsening of the political situation in New Caledonia, performance in the first months of this year should confirm its recovery.

Two Spanish banks seek share listing in London

BY DAVID WHITE IN MADRID

TWO of Spain's big seven commercial banks, Banco de Bilbao and Banco de Santander, lodged official applications yesterday to become the first Spanish companies to have their shares listed in London.

Trading in the two shares is expected to start by the end of this week. A third major Spanish company, the semi-state telephone monopoly Telefonica is due to follow.

Spanish banks, which account for the bulk of dealing in Spain's recently-booming stock markets, have up to now been unable to have their shares quoted in London because of the accounting requirements for listing. However, audited and consolidated accounts are gradually becoming standard.

Bilbao and Santander, the longest-established of the big seven, are both quoted in Frankfurt, and Santander is quoted in Paris.

Bilbao's move was foreshadowed by the placing of 650,000 shares in London last month.

Hoesch boosts earnings

BY JONATHAN CARR IN FRANKFURT

HOESCH, the West German steel and engineering concern, boosted sales and profits in 1984 but proposes not to pay a dividend for the eighth successive year.

Hoesch explained that despite the higher earnings — which it did not specify — the need to strengthen the company's capital base took precedence over a paymnt to shareholders.

Last year the company was able to boost external sales by 7.6 per cent to DM 7.25bn ($2.43bn) — despite the impact of the strike in the domestic metalworking industry in the spring.

In 1983 Hoesch made an operating profit of DM 30m on sales of DM 6.7bn. It last paid a dividend — of DM 2 per DM 50 nominal share — for 1976.

Euroc to sell U.S. subsidiary

By Kevin Done, Nordic Correspondent, in Stockholm

EUROC, the Swedish building materials and engineering group, has reached a preliminary agreement to sell Conco-Tellus, its U.S. subsidiary which makes automated materials handling equipment, to Interlake, the U.S. metals and packaging equipment group. Tellus has been one of Euroc's chief problems after a series of loss-making contracts.

Euroc has been searching for partners to help carry future investment costs. It has achieved some success in recent months in securing big new orders for automatic trucks.

Norsk Hydro acquires French plant from Alcoa

BY FAY GJESTER IN OSLO

NORSK HYDRO, the Norwegian industrial and energy group, is buying an aluminium processing plant in France from Alcoa for an undisclosed price.

The deal, announced at the weekend, accords with Hydro's policy of downstream acquisitions to ensure a market for its primary aluminium. The plant can process around 10,000 tonnes of metal annually, and its turnover this year is forecast at around NKr 200m ($23m). It has facilities for surface treatment, extrusion and production of profiles.

Following the purchase, Hydro has guaranteed offtake for around 90 per cent of the 160,000 tonnes of primary metal produced annually at its smelter in Karmoy, west Norway. All but 15,000 tonnes will be earmarked either for downstream subsidiaries, mainly in Europe, or as payment for supplies of aluminium oxide.

● Norsk Hydro has begun talks with Veba, of Germany, about the possible purchase of four fertiliser plants owned by Ruhrstickstoff, a Veba subsidiary. The plants, with a total annual turnover of NKr 2bn and a labour force of around 1,500, produce ammonia (500,000 tonnes yearly), calcium ammonium nitrate (500,000 tonnes), urea (250,000 tonnes) and complex fertilisers (300,000).

N. AMERICAN QUARTERLY RESULTS

AMERICAN HOME PRODUCTS — Drugs, household products

First quarter	1985 $	1984 $
Revenue	1.21bn	1.14bn
Op. net profits	180.5m	164.7m
Op. net per share	1.18	1.08

AMERICAN ELECTRIC POWER — Utility

First quarter	1985 $	1984 $
Revenue	1.33bn	1.3bn
Net profits	148.8m	145.8m
Net per share	0.78	0.81

APOLLO COMPUTER — Computer systems

First quarter	1985 $	1984 $
Revenue	82.1m	38.7m
Net profits	5.8m	4.1m
Net per share	0.25	0.13

BUCYRUS-ERIE — Machinery, aerospace systems

First quarter	1985 $	1984 $
Revenue	94m	107.9m
Net profits	883,785	4m
Net per share	0.05	0.20

CESSNA AIRCRAFT — Light aircraft

Second quarter	1984-85 $	1983-84 $
Revenue	182.1m	128.8m
Net profits	281,552	11.5m†
Net per share	0.01	0.59†
Six months		
Revenue	383.7m	287.6m
Net profits	5m	17.2m†
Net per share	0.26	0.88†

†Loss

CHESEBROUGH POND'S — Cosmetics, toiletries

First quarter	1985 $	1984 $
Revenue	515.85m	421.1m
Net profits	18.88m	18.61m
Net per share	0.55	0.52

COMMUNICATIONS SATELLITE — Satellite systems

First quarter	1985 $	1984 $
Revenue	121.9m	105.2m
Net profits	15.9m	12.4m
Net per share	0.88	0.68

DUN & BRADSTREET — Business information

First quarter	1985 $	1984 $
Revenue	628.2m	542.2m
Op. net profits	68.3m	55.7m
Op. net per share	0.90	0.74

FMC — Defence and oilfield equipt.

First quarter	1985 $	1984 $
Revenue	798.3m	805.6m
Net profits	44m	42.8m
Net per share	1.88	1.28

FORT HOWARD PAPER — Forest products

First quarter	1985 $	1984 $
Revenue	308.7m	306.3m
Net profits	33.2m	29.8m
Net per share	1.05	0.94

FOTOMAT — Photo kiosks

Fourth quarter	1984 $	1983 $
Revenue	45m	49m
Net profits	†7.24m	†15.2m
Net per share	†0.72	†1.52
Year		
Revenue	180.5m	236.5m
Net profits	†14.3m	†38.3m
Net per share	†1.42	†4.05

†Loss

GAF — Building materials

First quarter	1985 $	1984 $
Revenue	175.9m	169.8m
Net profits	17.5m	13.6m
Net per share	0.98	0.76

GANNETT — Publishing, broadcasting

First quarter	1985 $	1984 $
Revenue	482.7m	425.2m
Net profits	41.3m	34.8m
Net per share	0.52	0.44

G. D. SEARLE — Drugs, optical products

First quarter	1985 $	1984 $
Revenue	337.1m	280.3m
Net profits	34.9m	25.3m
Net per share	0.70	0.51

GREAT WESTERN FINANCIAL — Savings & loans

First quarter	1985 $	1984 $
Revenue	819.9m	629.8m
Net profits	31.9m	25.1m
Net per share	0.80	0.71

GTE — Non-Bell phone system

First quarter	1985 $	1984 $
Revenue	3.65bn	3.45bn
Op. net profits	273.2m	266.6m
Op. net per share	1.29	1.36

HOSPITAL CORP OF AMERICA — Hospital operator

First quarter	1985 $	1984 $
Revenue	1.15bn	1.09bn
Net profits	104.23m	86.46m
Net per share	1.16	0.98

HOUSTON INDUSTRIES — Utility

First quarter	1985 $	1984 $
Revenue	824.9m	930.3m
Net profits	77m	61.1m
Net per share	0.77	0.65

IC INDUSTRIES — Consumer products, railway

First quarter	1985 $	1984 $
Revenue	1.3bn	905.4m
Op. net profits	25.2m	20.1m
Op. net per share	0.48	0.47

NATIONAL DISTILLERS & CHEMICAL — Chemicals, spirits, wine

First quarter	1985 $	1984 $
Revenue	574.2m	593.2m
Op. net profits	20.5m	37.7m
Op. net per share	0.61	1.13

NICOR — Gas distribution

First quarter	1985 $	1984 $
Revenue	1.02bn	995.8m
Net profits	50m	38.9m
Net per share	1.71	1.36

NORTHWEST INDUSTRIES — Diversified industrial

First quarter	1985 $	1984 $
Revenue	317.9m	356.9m
Op. net profits	9.7m	17.7m
Net per share	0.46	0.85

PACIFIC GAS & ELECTRIC — Electric/gas utility

First quarter	1985 $	1984 $
Revenue	2.17bn	1.88bn
Net profits	252.2m	252.5m
Net per share	0.66	0.70

PACIFIC TELESIS — Telecommunications

First quarter	1985 $	1984 $
Revenue	2.05bn	1.88bn
Net profits	223.5m	196.9m
Net per share	2.25	2.04

PPG INDUSTRIES — Glass, chemicals, coatings

First quarter	1985 $	1984 $
Revenue	1.04bn	1.04bn
Net profits	80.4m	74.1m
Net per share	1.15	1.06

PUBLIC SERVICE E&G — Utility

First quarter	1985 $	1984 $
Revenue	1.28bn	1.2bn
Net profits	151.5m	119.9m
Net per share	1.16	0.99

SANTA FE/SOUTHERN PACIFIC — Railroad

First quarter	1985 $	1984 $
Revenue	1.58bn	1.64bn
Net profits	61.6m	107m
Net per share	0.34	0.56

SCOTT PAPER — Tissue paper

First quarter	1985 $	1984 $
Revenue	688.8m	656.2m
Net profits	42.1m	34.2m
Net per share	0.87	0.70

SOUTHWESTERN BELL — Bell spin-off

First quarter	1985 $	1984 $
Revenue	1.9bn	1.7bn
Net profits	264.6m	205m
Net per share	2.65	2.12

STANLEY WORKS — Hand tools, building materials

First quarter	1985 $	1984 $
Revenue	276.9m	265.5m
Net profits	14m	13.8m
Net per share	0.52	0.48

STORER COMMUNICATIONS — TV stations, cable

First quarter	1985 $	1984 $
Revenue	136.1m	119m
Net profits	5.8m†	14.8m†
Net per share	0.34†	0.88†

†Loss

TIMKEN — Roller bearings

First quarter	1985 $	1984 $
Revenue	289.7m	287.6m
Net profits	4.9m	12.9m
Net per share	0.41	1.10

UNION PACIFIC — Energy, railways

First quarter	1985 $	1984 $
Revenue	1.97bn	1.97bn
Net profits	113.4m	101.3m
Net per share	0.94	0.82

UNIROYAL — Tyre producer

First quarter	1985 $	1984 $
Revenue	508m	510m
Op. net profits	21m	20m
Op. net per share	0.57	0.55

U.S. WEST — Telecommunications

First quarter	1985 $	1984 $
Revenue	1.89bn	1.74bn
Net profits	197.4m	202.6m
Net per share	2.05	2.10

USAIR — Passenger carrier

First quarter	1985 $	1984 $
Revenue	394.5m	372.2m
Net profits	10m	19.5m
Net per share	0.41	0.77

VF CORPORATION — Lee jeans etc

First quarter	1985 $	1984 $
Revenue	301.2m	283.4m
Net profits	23.7m	27.3m
Net per share	0.75	0.83

W. R. GRACE — Chemicals

First quarter	1985 $	1984 $
Revenue	1.58bn	1.49bn
Net profits	35.5m	45.9m
Net per share	0.72	0.94

Reuters Annual Report 1984

The figures are impressive The facts are exciting

The figures contained in Reuters Holdings PLC first Annual Report since going public in 1984 are impressive.

Group revenue increased by 29% to £313.0 million.

Pre-tax profit was £74.3 million — up 34% on 1983.

Earnings per share increased by 28% from 8.5p to 10.9p.

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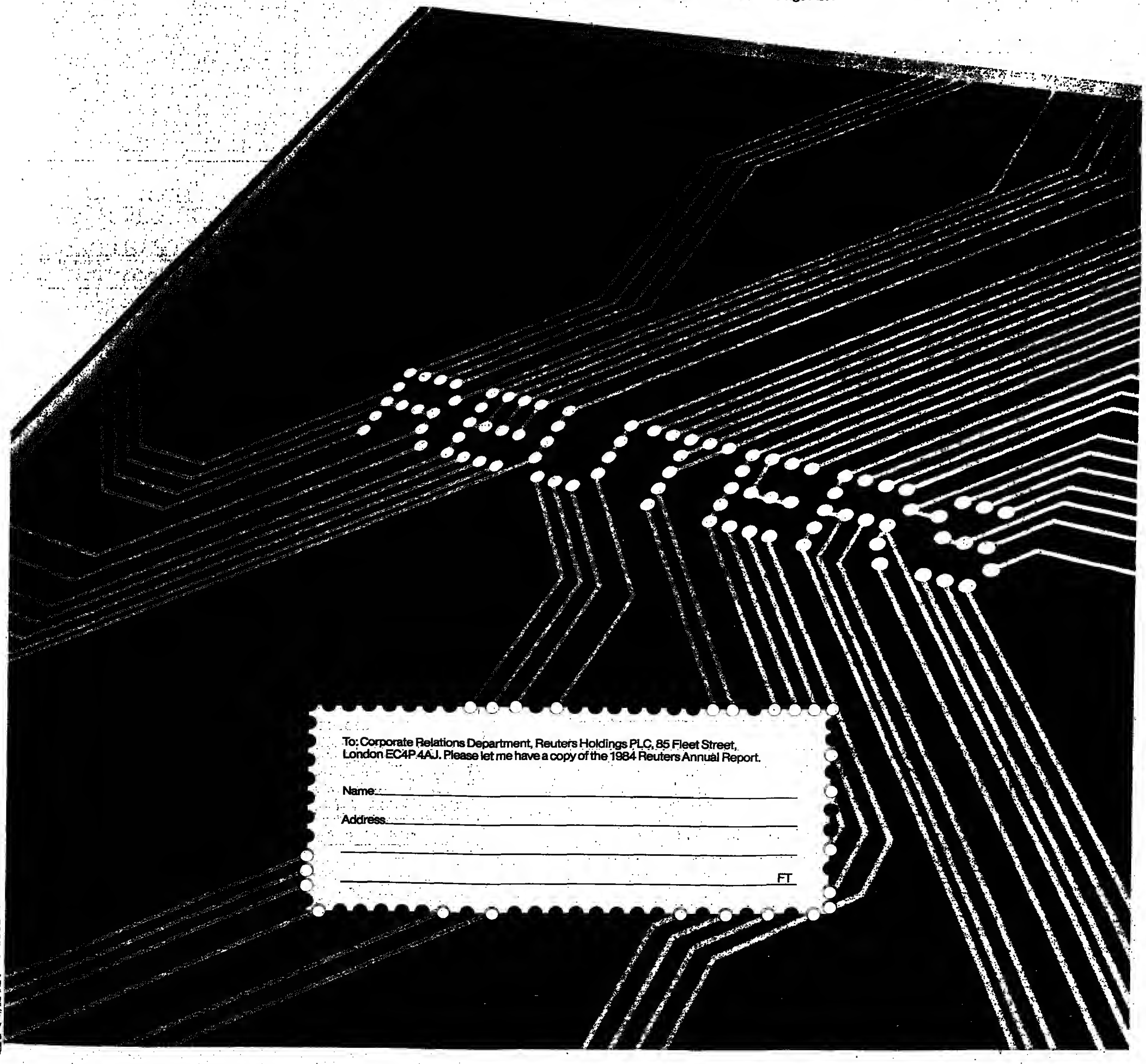
For a copy of the Reuters Holdings PLC Annual Report please complete the coupon below or call the Corporate Relations Department on 01-250 1122.

The above figures are taken from the audited financial statements of Reuters Holdings PLC.



INTL. COMPANIES & FINANCE

Japan's securities houses show solid first-half gains

BY OUR FINANCIAL STAFF

JAPAN'S big four securities houses all achieved solid profit advances for the half-year to the end of March, a period which brought a steady ascent in share prices to record levels.

But the simultaneous announcement of the results yesterday followed a week which brought the biggest ever one-day fall in Tokyo stock values, as the beneficial effects of Japan's strong export position began to be offset by fears over trade friction with the U.S.

The latest market trend is described by Nikko Securities, one of the four, in its weekly circular as having been "a long and shocking nose-dive." Nonetheless, all adhere to a cautiously bullish outlook for the remainder of the year.

Nomura Securities comfortably retained its position as market leader, as the other three brokers made no great headway in narrowing the gap. A jostling for second place in turnover and earnings terms also abated somewhat.

Parent company pre-tax profits at Nomura were 40.9 per cent ahead at Y105.28bn ($426m), on sales up 23 per cent to Y250.78bn. At the net level, earnings emerged at Y41.86bn or Y24.81 per share, compared with Y34.01bn or Y20.68 per share.

Daiwa Securities, which ranks number two, showed even better growth with a 38.8 per cent surge in taxable earnings to Y67.80bn, derived from a 28.5 per cent turnover boost to Y168.21bn. Net profits reached Y27.82bn or Y24.83 a share against Y20.18bn or Y19.80 a share.

At Nikko the pre-tax result was 33 per cent better at Y61.86bn, with turnover of Y153.92bn showing a 24.6 per cent advance. Profits after tax stood at Y24.27bn or Y18.53 a share, up from Y17.82bn or Y14.98 per share in the comparable 1983-84 period.

Progress by Yamaichi Securities, the smallest of the four, was less pronounced. At the pre-tax level its earnings emerged 15.2 per cent higher at Y49.29bn, despite a sharper acceleration in sales to Y137.99bn, ahead by 21.2 per cent. It recorded net profits of Y21.72bn or Y21.31 per share, compared with Y16.87bn or Y17.94 a share.

Brokerage house shares have come to the fore in market trading of recent months—frequently entering the daily list of 10 most active issues on the Tokyo exchange—as foreign investors moved to correct what was being seen as an underweighting of the financial sector in their portfolios.

Fairfax wins ruling on Syme share deal

By Lachland Drummond in Sydney

JOHN FAIRFAX, the Australian media group, gained a crucial advantage in its A$20m (U.S.$12.9m) effort to mop up minority shareholdings in David Syme and company yesterday, apparently putting paid to blocking efforts by Mr Robert Holmes à Court.

Fairfax gained a ruling from the Melbourne Stock Exchange Committee that its broker was the buyer of 1m Syme shares traded on March 29.

Mr Holmes à Court's broker also laid claim to the shares and Mr Holmes à Court then challenged in the courts the right of the Exchange to rule on the ownership dispute.

The supreme court last week handed back the matter to the Exchange Committee, which met for eight hours last Friday and ruled yesterday that Fairfax bought the shares.

The 1m shares were bought from the Herald and Weekly Times Group, which Fairfax helped defend against a raid by Mr Holmes à Court 3½ years ago. The stake takes Fairfax's holding in Syme, the publisher of the Age newspaper in Melbourne, from 83 per cent to almost 92 per cent, although it has yet to fulfil all the conditions necessary to allow it compulsorily to acquire the remaining shares.

Drugs group launched in Saudi Arabia

By Finn Barre in Riyadh

SAUDI ARABIA'S first major pharmaceutical company is being launched to tap the region's lucrative drug market.

Saudi Pharmaceutical Industries and Medical Appliances Corporation (Spimaco), has begun a US$50m share offering. It is building a $5m factory in Qassim to go into production in four years.

Dr Abdullah Abdul Kader, its managing director, said Roussel-Uclaf of France and Uhde of West Germany, a Hoechst subsidiary, will be involved on a joint venture basis. The factory will produce antibiotics, vitamins, and gastro-intestinal drugs.

The company, capitalised at $83.33m, will have several large shareholders.

Straits Trading suffers sharp downturn in profits

BY CHRIS SHERWELL IN SINGAPORE

STRAITS TRADING, the Singapore-based trading company with mining, plantation, and property interests, has reported sharply reduced profits for last year despite slightly higher turnover, and is proposing a one-for-four scrip issue.

The figures show consolidated pre-tax profits for the group of S$45.5m (U.S.$20.7m), down 28.7 per cent from S$63.9m, on a turnover of S$786.3m, up 6.4 per cent on the 1983 level of S$739m.

Extraordinary profits were 19 per cent higher at S$31.6m, thanks principally to a S$24.6m gain arising from the sale last year of a strategic stake in Carlton and United Breweries, Australia's largest brewer, to Elders IXL.

Although the directors of Straits Trading said they expected group profit in 1985 to be only "comparable" to the 1984 figures, the stock market surprised many by responding favourably and pushing the shares up 10 cents from Friday's close to S$4.40.

Brokers said some investors were looking for bluechip stocks to add to their portfolios for technical reasons in an otherwise slack market, and forecast some reaction later. Traditionally in the Singapore market, bonus issues are well received.

The directors declared a second interim dividend of 13 cents per S$1 share. The first interim dividend was five cents, making the total unchanged from the previous year.

Higher tax hits Teikoku Oil

TOKYO—Teikoku Oil of Japan has announced a 2.2 per cent dip in group earnings to Y8.43bn ($34.12m) for 1984.

Sales at the company, which produces most of Japan's domestic oil and natural gas and explores for oil abroad, climbed 14.7 per cent to Y102.48bn.

The decline in net income was attributed partly to an increase in tax payments to Y16.77bn from Y14.25bn.
AP-DJ

Advance by Sumitomo Chemical

TOKYO—Sumitomo Chemical, Japan's leading chemicals manufacturer, has reported a 261.9 per cent leap in consolidated net profits to Y12.57bn ($50.87m) for 1984 on sales up 13.9 per cent to Y829.43bn. Earnings per share climbed to Y8.08 from Y2.24.

The company said the increase resulted mainly from the recent improvement in the petrochemical industry. The petrochemical division accounts for about 70 per cent of Sumitomo's business.

Parent company net earnings had shown a 248.3 per cent surge to Y14.28bn.

Sumitomo has consolidated its domestic petrochemical operations in order to cut costs.
AP-DJ

UK COMPANY NEWS

Bank of Scotland's record £80m

Bank of Scotland yesterday reported record taxable profits of £80.4m, about £3m np on most City estimates, and called on shareholders for £81.3m with o significantly discounted rights issue. This is the bank's second cash call in just over a year.

The directors state that they wish to maintain o strong capital base to ensure that organic growth and investment in technology can be continued, and so that the group can take advantage of further opportunities as they arise.

The bank, which ended its association with Barclays when the English bank sold its 34 per cent stake to Standard Life last January, says that last year's £41.5m rights was well received, but that the degree to which the bank's ratios were strengthened was offset by changes in capital allowances announced in the 1984 Budget.

The basis of the issue will be £1 nominal of new stock at 200p for every £2 nominal of existing stock, with n market price of 440p yesterday, down 25p on the day. In view of the discount the bank, advised by the British Linen Bank, has decided that it is not necessary for the rights to be underwritten. Standard Life intends to take up its full entitlement.

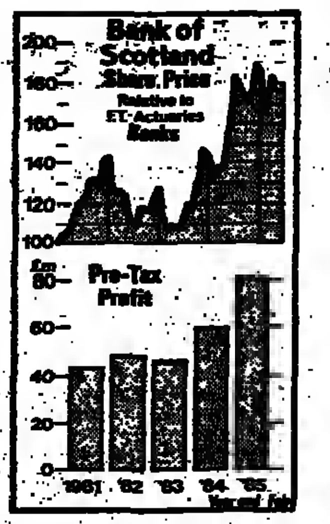
The pre-tax result for the year to February 28 1985 compares with £59.3m previously, a growth rate of nearly 36 per cent. It came out of operating profit of £82.8m against £61.3m after total bad debt provisions of £37.5m, up from £32m. By far, most of the provisions—some £31.3m against £25.7m—were specific.

Total income rose by £42.9m to £247.6m. The directors comment that the year was one of marked progress in traditional activities, coupled with continued product innovation in new areas. The share of the results of associates rose from £0.5m to £1.4m, reflecting a general improved performance and the lower loss attributable to the Henlys investment, sold during the year.

The final dividend is declared at 9.25p per £1 capital share, making a total of 15.5p. This compares with an adjusted 14p last time, with earnings per share stated at 50.7p (adjusted 72.2p) after the actual tax charge and 55p (adjusted 42.1p) after a notional 45.42 per cent charge (50.17 per cent). The new shares will not qualify for the final dividend.

The significantly increased tax charge of £39.9m against £9m reflects the continuing impact of the changes in capital allowances introduced in the 1984 Finance Act which materially affected the position of those companies with major leasing businesses.

An analysis of group income and expenditure indicates that net interest income was up by



21 per cent to £219.4m. This "significant improvement" reflects higher volumes of business transacted with an increased customer base in all parts of the group, says the directors. It also incorporates contributions beginning to flow from new products and services introduced in the past two years.

The directors say that net interest earnings were particularly buoyant during the middle of the year; however, since last January narrower average margins have been experienced following sharp rises in tho cost of short-term monies.

The growth in net interest income was partially offset by greater provisions required for bad and doubtful debts. While there were earlier indications of some improvement in bad debt experience at grass roots level this is not yet reflected in the aggregate figures.

The group bas no exposure in excess of 1 per cent of group assets to any country which has required to reschedule debt. Over the past few years specific provisions, have been made against such exposures.

Other operating (non-interest) income has grown by £14.2m to £65.5m during the year, aided by several factors including increased activity by customers seeking to protect themselves from the volatility of the foreign exchange markets.

This growth in non-interest incomes was, bowever, insufficient to offset an increase in operating expenses of £21.9m to £165.3m.

There was a material increase in both staff and nremises and equipment costs, the latter reflecting the commitment to automation and use of technology. A factor in the rise in miscellaneous expenses was the impact of promotional and advertising costs

See Lex

£154,000 rise midway for Cradley Print

"Most satisfactory" results have been nchieved by Cradley Print in the half year ended December 31 1984, with turnover rising from £3.36m to £3.98m, the operating profit from £296,000 to £403,000, and the pre-tax balance from £320,000 to £474,000.

Mr D. Jordan, the chairman, expects turnover to contione to increase and says the present work-load "does not give rise to any serious concern."

The profit incindes investment income £38,000 (£24,000) and surplus on sale of assets £33,000 (nil). Tax takes £205,000 (£160,000).

Mr Jordan says capital expenditure on new equipment has not been great in the period bnt this does not mean the expansion policy has been curtailed. The second balf will see the company once again spending close on £1.5m on e further web press and the building of another factory bay.

Forward planning envisages a total investment of "well over £3m" on new machinery within the next two to three years.

Percy Bilton profits top £10m after lower interest charges

Percy Bilton, property investment and development group, has announced increased pre-tax profits of £10.19m for 1984, against £9.91m previously.

Although this result was achieved on turnover ahead by £8.57m at £32.12m, trading and investment activities contributed a lower £11.23m (£11.86m) to profits. The pre-tax figure was boosted by reduced interest charges of £1.04m (£1.95m).

The directors of the group, which also has interests in building and civil engineering, contracting and plant hire, are raising the dividend total to 10.5p for tho year against 10.193p, with a final payment of 6.6p (6.493p). Stated net earnings per 25p share are shown 1.4p higher at 17.4p.

At end-December 1984 the group property portfolio was valued by chartered surveyors at £130.51m the directors say. This was on the same basis as a year earlier, when the valuation was £110.23m.

Both valuations included properties held for investment but exclude land held for trading purposes, for property development, the private housing land bank and works in progress. The directors calculate that when incorporated into the balance sheet tho valuation should produce o net asset value of 282p per share, as against 243p.

The increased valuation is largely the consequence of deals resulting in an uplifting of the freehold proportion of the property portfolio from 65.4 per cent by value at end-1983 to 83.4 per cent at end-1984. Also included are acquisitions of land and buildings.

In addition the latest valuation takes account of tho loss of rental income due to demolition of selected estates and individual properties in the course of the group's redevelopment programme.

Tax amounted to £3.39m (£3.88m), and there were extraordinary credits totalling £1.87m this time, against £85,000.

● comment

Last year saw a trade off between improving the property portfolio and increasing profits at Percy Bilton. While the pre-tax came out a good £½m below analysts' forecasts the groop's net assets per share value has risen to n figure more in line with the 300p market expectation. Just over ½m sq ft of land in the Basingstoke area (on which the company had to pay mortgage interest and received rental income) was exchanged for the freehold ownership of four estates, three of them in the vicinity of Heathrow. This had a major impact on the year end figures — shifting £400,000 out of rental income and cutting the interest bill. With the emphasis on freehold ownership and on the upkeep of existing estates, the group's property is looking better in more ways than one. Trading income is, however, likely to remain depressed (estimated as down to £1.2m from £1.4m in 1983) as institutional demand for industrial work stays limited. For 1985 analysts are expecting £10¾m pre-tax, which on 228p and a tax charge of 35 per cent suggests n prospective multiple of almost 13.

Pantherella rises and is set for more growth

Pantherella, manufacturer of men's high quality socks, raised its 1984 pre-tax profits by £48,000 and is set for a further advance in the current year provided there is no major downturn in world trade.

The directors say 1985 has started with an order book well ahead of last year both in volume and value. They add that the substantial investment made in 1984 provides a stronger base for expansion.

During the past year market coverage was increased and 63 per cent of total turnover, £3.85m against a previous £3.37m, was exported to 36 countries.

Group pre-tax profits pushed ahead from £608,000 to £656,000 and, as promised at the time of its introduction to the USM a year ago, shareholders are to receive a total dividend of 3.3p, the final being 2p net.

A lower tax charge of £249,000 (£279,000) left net profits at £407,000, compared with £329,000.

Earnings per 25p share came through 1.94p higher at 10.18p.

● comment

● Pantherella came to the USM a year ago as a quality mens sock maker not seeking to outperform tho sunrise industries but instead offering steady growth in n reliable and expanding market. Thanks ta the £1¾m spent over the past 14 months there is now compnter aided design for the "fancies" and electronically controlled knitting machines throughout. The returns from this investment will be seen over the next few years, mainly through the maintenance of margins rather than any sudden and spectacular increase in turnover. If 1984 did not quite come up to expectations—£700,000 was looked for—then perhaps tho main culprit is the company policy of invoicing in sterling — there are not any special gains from dollar areas. This year prices havo been increased to reflect the weakness of sterling—overseas sales are two-thirds of the total. For 1985 the analysts are looking for £¾m pre-tax, which suggests a prospective p/e of almost 13½ on 150p—up 71p since the April 1984 placement.

EIS lifts profit to £4.2m and confident for 1985

IN THE year 1984 the EIS Group of engineers has kept up its record of increasing profits and dividends. Sales advanced from £37.2m to £47.4m while the profit before tax moved ahead by £600,000 to £4.2m.

A final dividend of 4.35p raises the net total from 5.5p to 6p. Earnings were 22.48p (21.14p) pre-tax and 15.53p (18.12p net.

The process and plant and machinery division produced sales of £28.2m (£19m) and profits of £1.07m (£1.55m), benefitting from the inclusion of Northampton Machinery's results for nine months. The hydraulics and precision engineering side was adversely influenced by lower profits at Kontak Manufacturing, and sales were £10.3m (£10.5m) and profits £816,000 (£1.03m).

The aircraft engineering division increased sales to £8.9m (£7.7m) and profits to £858,000 (£745,000). Exports totalled £15.3m (£13.5m).

In the current year, the trading position is satisfactory and ahead of last year, the directors roport. They bope the year will be another one of progress and that acceptable results commensurete with the increased size of the group will be produced.

The year will include a full period from Northampton Machinery and the latest acquisition, the Flexibox International Group, which was purchased from Burmah Oil in January. The integration of this important division is proceeding well and the experience to date makes the directors "quietly confident" that in the current year the group will achieve the targets set when it was decided on the purchase and that further improvements will follow.

Group orders in hand now total some £35m, sufficient to support "a satisfactory level of activity." Some companies already have full order books and others, while reasonably loaded, are pursuing more business to reach their year-end targets.

In 1984 the operating profit came to £3.75m (£3.32m) and interest received was £456,000 (£303,000). After tax £1.29m (£515,000), minority interests £2,000 (£4,000), and extraordinary tax credit £193,000 (charge £1.52m), the attributable profit la £3.1m (£1.58m).

Liquid funds rose to a record £6.8m after capital expenditure of £1.7m, facilitating the acquisition of Flexibox.

● comment

Nothing less than record results will do from EIS, and once again the company has come up trumps. If fourteen years of record continuous growth are making shareholders expect further record performances, they are not likely to be disappointed in the foreseeable future. Order books are up 20 per cent since the interims, while the one black spot of 1984, Kontak, is now recovered from its strike, and is anticipating an improvement in the markot for tractor valves. Flexibox, which was bought in January on favourable terms, with £2m of the purchase price not due until 1986, occupies a cosy niche in the market for fluid seels and flexible cuttings for power transmission, and could easily contribute £1m to the group's total this year. No more major acquisitions are planned until Flexibox has been fully absorbed which may not be until the end of this year, even though EIS has at least £4m in cash balances. Profits this year should be around £5.4m, putting the prospective p/e at 10 on a 30 per cent tax charge, and with the shares at 210p, that's not too demanding for a company with o proven record. The yield is 4.1 per cent.

Loss-makers check Arrow Chemicals

DESPITE LOSSES being incurred by its two latest acquisitions Arrow Chemicals Holdings increased its 1984 pre-tax profits from £516,000 to £550,000.

A final dividend of 1.3p lifts the total net distribution to 1.9p per 25p share, an improvement of some 19 per cent over the previous year's 1.6p.

Both Nielsen Chemicals, acquired in October 1983, and Emkem International, purchased in the July of the same year, returned "very disappointing" results. Losses by these companies, excluding extraordinary items, totalled £119,000.

With Nielsen's losses continuing in the second six months it was decided to close tho Lowestoft plant, offices and depot and to transfer production to the company's Derbyshire site. The Lowestoft (Suffolk) premises are now up for sale.

During the year Nielsen's also vacated depots at Dartford, Leeds and Newcastle.

The administration of Emkem has been merged with Nielson's and the combined division is now operating successfully and has shown a profit in each of tbe first three months of 1985.

So with all of Arrow Chemicals divisions now operating profitably and an "excellent" first quarter behind it the directors are looking for a "very successful" 1985.

For 1984 group turnover accelerated from £7.3m to £10.93m and operating profits came through £87,000 ahead at £683,000.

Arrow Chemical's sales in the UK increased by 13 per cent while exports showed an improvement of 14 per cent.

The aerosol and packaging company continued its "excellent growth" with e sales advance of 34 per cent over 1983.

Tax accounted for £270,000 (£223,000) and extraordinary debits for £95,000 (£98,000). These charges were closuro and transfer costs relating to Nielsen Chemicals and a deferred tax provision.

Earnings per share amounted to 3.73p (4.55p) pre-extraordinary items and to 2.47p (3.03p) after such items.

Progress for Allied London Properties

Profits earoed in the current year ending June 30, 1985 by Allied London Properties should continue to show progress, forecasts the chairman, Mr Morris Leigh, in his interim statement.

In the half-year ended December 31, 1984 this property investment and holding company made a profit of £1.2m, against £1.01m in the comparable period, subject to tax £226,000 (£158,000). The interim dividend is raised to 0.242p net (0.22p) at a cost of £130,000 (£123,000).

For the year ended June 30, 1984 the company paid a total dividend of 1.7p from a pre-tax profit of £2.84m.

Finlay Packaging

A retreat from last year's record profits level of £1.2m before tax has been shown by Belfast-based colour printer Finlay Packaging for 1984, with a final taxablo result of £1m. Turnover was also lower nt £9.14m compared with £9.83m.

The final dividend has been raised from 2.25p to 2.5p which lifts the total from 3p to 3.25p. Earnings per 5p share are shown as slipping from 8.51p to 7.33p.

COMPANY NEWS IN BRIEF

Little change was shown by Ulster Television in its operating profit for the half year ended January 31 1985. But a £77,000 boost in surplus on disposal of investments has help push up the pre-tax profit from £876,000 to £946,000.

Turnover for the period came to £8.05m (£7.22m) and the television operating profit was £632,000 (£633,000). The company is the independent television programmo contractor for Northern Ireland.

Earnings per share are up from 11.28p to 12.23p, and the interim dividend is in effect increased from 2.25p to 2.5p. The total for 1983-84 was 4.75p from profits of £1.4m.

* * *

Available income of Aberdeen Trust rose from £1.07m to £1.34m for the six months to end March, 1984 and earnings per share were shown as 2.68p against 2.13p. Net asset value amounted to 197.4p (174.5p).

The interim dividend has been lifted to 2.5p (1.8p) partly to reduce disparity and reflecting a change to an investment policy income of growth. The board expects the final will not bo less than 4.0625p (3.45p).

* * *

Lendu Holdings, which formerly owned rubber acreage in Malaysia, has turoed in a pre-tax profit of £48,395 for 1984, compared with £101,550, and is holding tho dividend at 1p net per share.

Turoover in the year camo to £243,422 (£307,548). After tax £14,923 (£18,000) the net profit is £33,472 (£83,555) for earnings of 1.49p (3.71p) per share.

* * *

In tho half-year ended October 31, 1984 Audio Fidelity has cut its loss from £128,609 to £35,550. There is also an extraordinary credit of £83,550 being proceeds of the sale of a freehold property.

The group makes and retails hi-fidelity sound equipement. The directors say that management figures suggest the group has returned to trading profitability beforo tho end 1984.

Retail turnover has been disappointing over the current year to date, but margins bave been very much improved. Non-recurring costs relative to the closure of shops continued well into the half-year. The manufacturing division "continnes to mako meaningful progress."

* * *

In a record year, Laurence Gould and Co, consultant in agriculture and the agro-industries, achieved £378,000 at the pre-tax level, against £345,000. Turoover roso from £3.86m to £4.87m.

Tho final dividend is lifted to 2p (1.85p) per share for a 3.3p (3.15p) total. Stated earnings for this USM-quoted company are higher at 11.63p (9.96p).

* * *

Not asset value per 50p share stood at 187.55p on March 31 1985 at North Sea Assets, compared with 173.67p a year earlier.

Total gross income for the balf-year rose from £747,000 to £903,000, and net revenue emerged at £11,000 (£7,000 losses), after tax of £29,000 (£49,000).

Net earoings were slated at 0.09p (0.06p losses) per share.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Klark-Teknik, New Australia Investment Trust, Scottish Cities Investment Trust.

Finals: Boustead, Clement Clarke, Cooper Industries, English National Investment, Kwik-Fit (Tyres and Exhausts), Moss Bros., Scott and Robertson, Stat-Plus.

FUTURE DATES

Interims—	
Bibby (J.)	May 21
British Assets Trust	Apr 25
Lyles (S.)	Apr 29
North Atlantic Securities	Apr 30
Save and Prosper Return of Assets Investment Trust	May 8
Finals—	
Aberdeen Construction	May 2
Cakebread Robey	May 20
Farnell Electronics	Apr 30
Gates (Frank G.)	May 28
Hartons	Apr 30
MacLellan (P. and W.)	Apr 29
Miles 33	May 8
North British Steel	Apr 29
Nurdon and Peacock	May 1
Ropner	Apr 30
Runciman (Walter)	May 14
Save and Prosper Linked Inv. Trust	Apr 24
Spear (J. W.)	May 1
Triefus	Apr 29

UK COMPANY NEWS

RTZ in venture with Slawson Oil

BY IAN HARGREAVES

Rio Tinto-Zinc, the UK-based resources and industrial group, is seeking a new way to expand its U.S. oil and gas interests by forming a joint venture with Slawson Oil.

Slawson Oil, based in Wichita, Kansas, is little known outside the U.S. It is entirely owned by Mr Donald C. Slawson, who farmed into a west Kansas oil well 28 years ago and started his own oil company.

Slawson today has a staff of 750, oil reserves of 7.5m barrels and gas reserves of 87.5bn cubic feet, all onshore in the U.S.

The vehicles for the transaction are Platt Energy, which is a wholly-owned subsidiary of RTZ Oil and Gas, and Canyon Oil and Gas, which is owned by Slawson Oil.

Under the terms of the deal, Canyon, which specialises in buying producing oil interests in the U.S., will propose deals to RTZ, which will then have the option of deciding whether to take a 50 per cent stake in each venture.

Mr George Naylor, managing director of RTZ Oil and Co, said last night that the company expected to do around $20m of business in the first year of the joint venture.

Because of its previous, unsuccessful joint drilling ventures in the U.S., RTZ has $20m of tax losses to carry forward. It considers Slawson's record as a purchaser of high quality, primary producing oil properties at good prices as the main recommendation of tha deal. RTZ has spent around $40m on U.S. oil and gas ectivities in the past four years and has 1,000 b/d of oil equivalent in production to show for it.

For Slawson, the agreement with RTZ is part of a carefully planned effort to become better known in Europe.

Mr Christopher Wharton, Slawson's London representative, said the company was actively exploring tho possibility of floating one of its subsidiaries, possibly Canyon, on the London stock market later this year. "We want to expand outsido the U.S. and to get to know big players in other parts of the world."

Slawson has already completed smaller U.S. joint ventures with IC Gas and with S W Berisford, tho commodities group. Tho U.S. company has already approached stockbrokers James Capel and a number of City institutions to discuss its London plans.

Little, however, is known about Slawson's financial status. The company publishes little financial information, although a number of executives from UK independent oil companies have held discussions with Slawson in the last year.

It is thought in tho City that Slawson emerged relatively unscathed from the 1981 downturn in the U.S. oil industry, although the fact that it is actively pursuing new partners is taken as an indication that the company needs new ways of raising money.

Mr Slawson bimself is a qualified economist and geologist, who has built up his own company from scratch. He is now aged 52.

The president of Canyon, Mr Jack Nutter, is a 35-year-old lawyer who spent some years working on energy matters on Capitol Hill for a group nf senators. He has been with Slawson for four years.

Mr Slawson was not available fnr comment yesterday. He was in Knala Lumpur, where he is thought to be attempting to negotiate an oil venture also involving a UK independent.

P & O may lift stake in OTT but no bid likely

By Andrew Fisher, Shipping Correspondent

Peninsular and Oriental Steam Navigation (P & O) does not intend to maka a full bid for Ocean Transport and Trading, but may increase its present 10 per cent stake, Sir Jeffery Sterling, the chairman, told yesterday's annual meeting.

"It is a classic situation for a trade investment," he said. "As a large shareholder, we can, if necessary, have some influence over its fate." P & O announced an 8 per cent stake in Ocean earlier this month, and then bought more shares.

Sir Jeffery pointed out that Ocean had interests in some of the same companies as P & O, namely Overseas Containers and Panocean Storage. OCL, a leading world container shipping company, last year made a record pre-tax profit of £56m.

P & O may raise its holding in Ocean, he said. "But we can achieve our objectives without an offer and, tharefnre, bid speculetion is wide of the mark." City analysts have suggested that P & O may want full control of OCL, in which it has e direct 47.4 per cent stake. The alternative could be e market flotation.

When considaring whether to buy more Ocean shares, however, "we have it in mind that the present price level owes much to nur interest and I hardly need to potot out that we are not excited by the thought of paying any further premium."

Ocean's share price has risen sharply from tha 163p et which it stood after Ocean's improved 1984 results were announced and befnre P & O revealed its bolding. But last night, it was 10p down on the day at 188p.

The group also said it was holding talks with Chinese interests over the possible sale of the Uganda passenger ship, now over 30 years old and soon to end e charter with the Ministry of Defence in tho Falklands. The Chinese may want to use the Uganda as e hotel ship.

Energy Services backs defence with £2m profit

BY ALEXANDER NICOLL

AS THE first planks in its defence of the £26.3m reverse takeover, Energy Services and Electronics has reported a 26 per cent rise to £2.12m in pre-tax profits and a 53 per cent advance at 3.63p in earnings per share for 1984. And, the company says, the current year has started well.

The 1984 final dividend is being increased from 0.675p to 1p making a total for the year of 1.5p, up 33 per cent.

The bidder for Energy Services is Peek Holdings, a shell company with Liverpool grain storage interests. If it is successful, £6m would be injected by Mr Julian Askin, who once ran Livingstnn Hire, Energy Services' most profitable subsidiary, and Mr Hugo Biermann.

Mr Askin and Mr Biermann, who woold be joint chief executives of the combined group, want to develop Livingston Hire but would probably sell the company's remaining activities.

The 1984 figures show that Neve Audio, which makes sound-mixing equipment for studios and has been developing a new digital system, had an nperating surplus of £314,000 against a 1983 loss of £174,000: but write-offs of laboratory costs and interest produced a loss fnr tha division of £743,000 against £672,000.

Mr Frederick Rollason, chairman, said Neve has received its first order for the new system and is generating cash, although further write-offs and interest will produce another loss for the division in 1985.

Overall, Energy Services group mada pre-tax profits of £2.12m (£1.68m) on turnover of £22.59m (£20.13m). Livingston Hire accounted for £3.06m (£2.52m) of the profit and £9.96m (£7.21m) of the turnover.

Profits from sales of electronic equipment—other than the sound-mixers—fell to £25,000 from £140,000 on sales of £4.45m (£3.98m). The radio telephone division showed a reduced loss of £241,000 (£276,000), while oil industry products moved into a £19,000 profit from a £34,000 loss.

Earnings per share rose from 2.38p to 3.63p because UK deferred tax was provided at 35 per cent against 50 per cent in 1983. Total tax was £690,000 (£732,000). Intorest was £1.09m (£724,000) and depreciation £2.62m (£1.82m). After-tax attributabla profits were £1.37m (£897,000).

Aurora in subsidiary buy-out

Aurora, the Sheffield-based engineering group, has agreed tn e management buy-out at its disc spring manufacturing subsidiary, Anaco Precisinn Pressings, for an undisclosed sum.

Anaco, based to Wallingfnrd, near Reading, mada a significant trading loss last year on turnover of just over £1m, said Mr Derek Kelsey, managing director, who is leading the buy-out.

Mr Kelsey and three senior colleagues have put up £75,000 with County Bank Develnpment Capital, the advisers, contributing a further £25,000 to the total £100,000 share capital.

Channel Hotels sells its holding in Leisuretime

BY CHARLES BATCHELOR

Channel Hotels and Propertles, Mr David Kirch'a Jersey-based property group, bas sold its entire 26.64 per cent stake in Leisuretima Internaticnal, the botel and travel group beaded by Mr Timmhy Aitken, fnr £1.62m.

The Channel sala, which netted the company a £200,000 profit, removes from tho scene ono potential bidder for Leisuretima but raises furthar questions over tho ultimate future of the company, which used to be known as the Old Swan Hotel (Harrogate).

Mr Michael Scorey, e director of Leisuretime and of Aitken Hume, tha fund management and banking group where Mr Timothy Aitken is chief executive, said "a couple nf friendly parties" had taken a total holding of ebout 6 per cent in Leisuretime. This leaves a 20 per cent stake—the bulk nf Channel's bolding—in Leisuretime unaccounted for.

Leisuretime rose 1p to 59p yesterday—9p below the 68p sala price of the Channel shareholding.

Haden to make profit forecast in bid defence

Haden, the engineering company which is fighting off e £37m takeover bid from Trafalgar House, is expected to make a 1985 forecast on Friday as part of its defence strategy.

The timing of this forecast would allow Trafalgar to extend the bid period by a further four days.

Trafalgar has extended its 240p casb bid until May 2 but Haden's shares—at an unchanged 310p yesterday—remain comfortably above the bid level.

Trafalgar has until Monday next to decida whether to increase its offer.

Chrysalis/MAM reach an outline agreement

BY CHARLES BATCHELOR

TWO OF the best known names in the pop business — the privately-owned Chrysalis group and Management Agency and Music (MAM) — announced yesterday that merger talks had led to agreement in principle for a reverse takeover of the listed MAM group.

Chrysalis, a leading independent record company, and MAM, which grew to prominence managing singers such as Tom Jnnes and Gilbert O'Sullivan, announced last month that marger talks had begun.

MAM intends to make a share offer for Chrysalis though the companies declined to disclose the value this would place nn the record company. Chrysalis has average maintainabla profits of £4m on turnover of nearly £70m, Mr Terry Connolly, managing director said.

MAM shareholders who do not want to stay with tho enlarged group will be given the opportunity to sell their MAM shares for cash.

Shareboiders in Chrysalis, principally Mr Chris Wright, the chairman, are expected to end up holding about 51 per cent of the enlarged group's capital.

The enlarged group will be called Chrysalis and the present Chrysalis management team will join the MAM board and play a major part in running the company.

The merger will be followed by a £5m nffer for salo of new shares to fund the expansion of tho group. Mr Wright will elso offer up to £2m-worth of shares from his entitlement.

MAM's shares, which were suspended at 162p in March—capitalising the company at £13.5m—will remain in suspension until full details of the merger are sent to shareholders in June.

Offer for Ingall is extended

By Lionel Barber

The Greater Midlands Co-operative Society yesterday extended its £7.3m nffar for Ingall Industries, the Wolverhampton-based funeral director, to May 7.

The Greater Midlands, through its newly-created subsidiary, Farsight, disclosed that it had received ecceptances from shareholders representing 0.37 per cent of Ingall's share capital.

In addition, it said tbat Farsight had bought 145,000 Ingall shares (1.58 per cent) from Manchester Exchange Group, tbe parent of tba Co-op's adviser, the Manebestor Exchange Trust.

Ingall, through its merchant bank edviser, County Bank, has drawn attention to the purchases made just before the Co-op launebed its bid last month, to the Takeovor Panol.

However, yesterday tho Co-op stressed tbat it had paid the same price for tbe shares as tbo Manchester Exehango Group.

British Land lifts holding in Stylo

By Alexander Nicoll

BRITISH LAND, which failed earlier this year in an unusual tender offer for shares in Stylo, has boosted its holding in the shoe retailing chain through market purchases of loose shares.

The property group, headed by Mr John Ritblat, has bought a 4 per cent stake in the limited voting shares to take its holding of that class to 25.4 per cent. Limited voting shares account for 95 per cent of Stylo's equity but only 56 per cent of the votes.

Control of Stylo is tightly held by the Ziff family, headed by cbairman Mr Arnoid Ziff. They bold management shares accounting for 44 per cent of tho votes as well as a substantial chunk of tho limited voting shares, including an 18 per cent stake purchased last month from the Kuwait Investment Office.

Stylo's share price rose 2p yesterday to 197p, valuing the company at £40m.

Associated Book

Associated Book Publishers yesterday said it had received acceptances from shareholders representing 96.7 per cent of tha share capital of Routledge & Kegan Paul and accordingly declared its offer unconditional as to acceptances.

UK COMPANY NEWS

Folkes gains from higher demand and cost cutting

TAXABLE PROFITS at Folkes Group, formerly John Folkes Hefo, have reached their highest level for five years at £1.8m, up from £0.5m, and the company, which has interests in property, services, engineering and consumer products, is hopeful of further improvement in the current year.

Mr Constantine Folkes, the chairman, attributes the partial recovery not only to increased demand for the group's products but also to the measures which have been implemented during the five-year period to cut costs, improve efficiency and rationalise the company's operations.

The final dividend is raised by 0.05p per share to 0.95p for a total 1.3p (1.25p). Mr Folkes says that dividend were maintained during the recession when perhaps the results did not warrant this, and a large increase now is not appropriate.

Turnover increased from £61.36m to £88.46m, of which £7.10m (£5.45m) came from exports. The chairman says that although the current year started slowly, better orders are now emerging and the half-year should show an improvement on 1984. He points to the advantages of continuing restructuring and greater efficiency.

The chairman gives details of the restructuring of the group's activities into the four mainstream divisions. He believes that it will assist in managing the diversity of operations and help shareholders to understand the organisation and give a better appreciation of the balance of products and the sectors it serves.

The engineering division cut losses from £1.88m to £713,000, which the chairman considers is the group's best trading performance in the period under review with exports—up by 31 per cent—particularly encouraging. At home, too, there is a welcome trend for the company to recover orders previously lost to overseas competitors, he says.

A divisional analysis of other operations shows pre-tax profits of £1.46m (£1.38m) from property, £442,000 (£446,000) from services, and £611,000 (£598,000) from consumer products.

The tax charge for the period was £283,000 (£244,000) to leave net profits at £1.52m, against £256,000.

The dividend will account for £560,000 (£565,000), with extraordinary items taking considerably less at £693,000 (£1.54m). The extraordinary item was made up partly of closure and rationalisation costs, and partly on losses incurred by the company on the purchse of its own shares.

Transfers to reserves totalled £264,000, compared with a deficit of £1.85m. The chairman points to the need to retain profit to meet requirements for working capital and new plant at a time of growth.

Net assets per share are stated at 56.31p (53.76p) after incorporating the 1979 industrial property revaluation, and earnings per share are given as 3.4p (0.56p).

● comment

Folkes Group's efforts to brighten itself up with the issue of a glossy brochure for shareholders cannot disguise the fact that the key to current performance is the grinding job of bringing its forging operations back into the black. The biggest element in last year's £1.3m pre-tax profit increase was reduced losses in the troubled engineering division—it is likely to be the same story in 1985 with the possibility of reaching breakeven trading by the end of the year. Elsewhere, the group's best hopes lie in its consumer products businesses, notably kitchen and swimming pools, bolstered by steady progress from property. It should be enough to take the company to over £2m pre-tax, allowing e reasonable dividend increase of perhaps 15 per cent. At these levels, the non-voting shares, up 1½p to 27p, have an attractive 8 per cent yield, which supports a multiple of 7 (assuming a 20 per cent tax charge). The company should have some appeal to cautious income-orientated funds, particularly as the net debt/equity gearing is a low 13 per cent and the asset backing a solid 56.3p a share.

Wytch Farm and Buchan lift Goal to £4.58m

HIGHER-than-expected production from the Buchan Field, together with a half-year's contribution from the Wytch Farm field, enabled Goal Petroleum to more than double its 1984 pre-tax profits.

The results also benefited from the sterling price of oil which continued to rise throughout the year.

With turnover up from £6.16m to a record £8.82m the group, engaged in oil and gas exploration and production, saw its profits before tax surge from a restated £2.16m to £4.58m.

Net profits came through some 73 per cent ahead at £2.81m (£1.63m) after taking account of a much higher tax charge of £1.77m (£529,000).

Earnings per 5p share improved by 3.53p to 8.41p. The dividend is maintained at 1p net.

Mr C. A. O'Brien, the chairman, tells shareholders that the most important event of 1984 was the acquisition of a 5 per cent working interest in PL089, the licence which contains the Wytch Farm field.

He says this acquisition has increased the group's proven and probable recoverable reserves of crude oil from 2m barrels to more than 12m barrels, which means that Goal "will have a sizeable income from sales of oil well into the next century."

Wytch Farm has produced at rates of up to 6,700 barrels of oil a day

Asarco stays in loss and prepares defence package

BY KENNETH MARSTON, MINING EDITOR

A FIRST quarter loss of $19.06m (£14.8m) has been sustained by Asarco, the big U.S. smelter and refiner of non-ferrous metals.

It follows a fourth-quarter loss of $236m, which included 1984 end-year write-offs of $216m and goes against a loss of $31.12m in the first quarter of 1984.

Like other North American natural resource majors, Asarco has been a victim of tha strength of the U.S. dollar as far as low prices for metals are concerned.

Producer prices of silver and copper, the company's two most important products, averaged $6.06 per ounce and 65.5 cents per pound in the first quarter of this year, compared with respectives prices of $8.99 and 69.1 cents a year ago.

Since the end of the first quarter U.S. metal prices have picked up a little partly with the fall in the value of the dollar and producer prices for copper are now around 70 cents, but still below cost levels for most North American mines.

Mr Ralph Hennebach, Asarco's chairman, commented: "Perhaps copper prices are at last responding to the good demand, substantially in excess of supply, which has prevailed since early 1984."

Currently fighting off a bid approach from Mr Robert Holmes à Court, the Australian entrepreneur who has bought a 9.9 per cent stake in the company, putting together a controversial package of measures which effectively bar the way to any raider.

They include a "poison pill" issua of preferred stock with special voting rights and generous "golden parachuta" service contracts to senior Asarco executives.

The proposals are to be put to shareholders at the annual meeting tomorrow.

Lornex swings back into profit in first quarter

AFTER LOSING C$3.26m in 1984, the Rio Tinto-Zinc group's Lornex Mining in British Columbia has made a good start to 1985.

The Canadian copper-molybdenum producer reports first quarter earnings of C$5.27m (£3m), which compare with a loss of C$2.91m a year ago.

Mr George Albino, the chairman, attributed the turnround to increased production of copper (up 34 per cent), molybdenum (21 per cent) and coal (55 per cent) together with the benefits of the fall in the U.S. dollar. Molybdenum prices improved while there were significantly lower net interest costs.

Lornex is entitled to a 39 per cent share of the metallurgical coal output of the Bullmoose mine in north-eastern British Columbia. Lornex is 68.1 per cent owned by Rio Algom which, to turn, is 52.8 per cent owned by RTZ.

IN BRIEF

O'okiep Copper, the South African copper producer controlled by Newmont Mining and Gold Fields of South Africa, moved back into profit last quarter. Earnings amounted to R876,000 compared with a net loss of R3.2m in the December quarter.

* * *

New Central Witwatersrand Areas made a net profit of R721,000 in tha six months to March 31 compared with R361,000 in the same period of the previous year. The interim dividend is raised by 3 cents to 33 cents; the previous year's final was 46 cents.

Bramall up at £2.7m and further growth seen

RECORD PRE-TAX profits of £2.68m were achieved by C. D. Bramall, Bradford-based Ford main dealer, for 1984, compared with £2.31m previously.

The directors are proposin an unchanged 4.35p final dividend, to maintain the total at 6.7p net.

The look forward to the future confident that the acquisition of Manor National, vehicle sales and leasing group, which Bramall is currently completing, will provide considerable growth for the company.

For 1984 turnover was down, due to the sale of a subsidiary, from £67.28m to £61.14m, but costs were well controlled, the directors say, with the result that the pre-tax margin on sales improved from 3.4 per cent to 4.4 per cent.

The pre-tax profit figure was struck after selling and distribution costs of £2.65m (£2.89m), administrativa expenses of £3.66m (£3.90m), and interest and similar charges of £1.07m (£1.06m).

Tax took a higher £1.24m (£660,013) leaving attributable profit at £1.44m (£1.65m).

Stated earnings before a £213,848 extraordinary credit emerged at 27.3p (31.3p) per share, and after at 31.4p (31.3p).

Retained profit was unchanged at £1.34m.

The acquisition of Manchester-based Manor, at an agreed £2.3m, will add a further Ford dealership to Bramall's four.

COMPANY NEWS IN BRIEF

As most disposals were made towards the end of 1984, the heavy restructuring put into effect by Elbar Industrial had little impact on that year's results.

The operating profit for 1984 was £302,000, against £91,000. The figure relative to those businesses retained came to £1.21m (£1.1m). During the six months to end January 1985 ten businesses in twenty locations were either sold or closed.

1p to 26½p, have an attractive

After interest charges £1.28m (£1.56m) the net loss was reduced from £1.07m to £971,000. The interest does not reflect the full impact of the disposal proceeds.

* * *

Corporate Development International (Holdings) has acquired 29.99 per cent of the ordinary capital of Lanca, the handbag manufacturer. It says this is an investment and it has no plans to make an offer for the outstanding capital.

The 320,083 shares acquired were bought at 200p per share from two directors of Lanca—Mr M. Mechlowitz (320,083) and Mr E. A. Joseph (8,918). A further 111,000 shares (10.9 per cent of the capital) have been sold by other shareholders in Lanca, and placed with clients of Fiske and Company at the same price.

* * *

The offer for sale of 41m shares in Persimmon closed yesterday morning oversubscribed. Full details will be reported today by Hambros Bank.

* * *

Net asset value of First Charlotte Assets Trust stood at 13.32p per 5p share, compared with 12.12p a year earlier.

The single dividend is maintained at 0.05p per share. Stated net earnings fell from 0.11p to 0.09p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied London Props int	0.24	July 5	0.22	—	1.7
Arrow Chemicals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Scotland	9.25†	June	8.25*	15.5†	14*
Percy Bilton	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C. D. Bramall	4.35	—	4.35	6.7	6.7
Edinburgh Inv	1.75	—	1.5	2.85	2.5
EIS Group	4.35	July 9	3.95	6	5.5
Energy Services	1	—	0.65	1.5	1.13
Folkes	0.95	July 1	0.9	1.3	1.25
Goal Petroleum	1	—	1	1	1
Pantherella‡	2	July 2	—	3.3	—
Viking Resources	0.65	July 5	0.6	1.15	1.0

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

This Prospectus includes information given in compliance with the Regulations of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") for the purpose of giving information to the public with regard to Malaysia and the Stock. Malaysia has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other facts the omission of which would make misleading any statement herein whether of fact or of opinion. Malaysia accepts responsibility accordingly.

Dated 23rd April, 1985

Malaysia

Issue on a yield basis of

£75,000,000 Loan Stock 2009

payable as to £30 per cent. of the nominal amount on application and as to the balance of the issue price not later than 6th September, 1985 with interest payable half yearly on 31st January and 31st July

The Issue has been underwritten by

S. G. Warburg & Co. Ltd.

Barclays Merchant Bank Limited
Baring Brothers & Co., Limited
County Bank Limited
Lloyds Bank International Limited
Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited
N. M. Rothschild & Sons Limited
J. Henry Schroder Wagg & Co. Limited

Application has been made to the Council of The Stock Exchange for the £75,000,000 Loan Stock 2009 (the "Stock") to be admitted to the Official List for dealing in the Gilt-edged market. It is expected that dealings in the Stock on The Stock Exchange will begin on Friday, 26th April, 1985 without documents of title and at seller's risk for deferred settlement on Thursday, 2nd May, 1985.

Renounceable allotment letters (partly paid) in respect of the Stock will be issued on Wednesday, 1st May, 1985. Stock certificates in respect of Stock in registered form and bearer bonds in respect of Stock in bearer form will be available from Friday, 4th October, 1985 provided the balance of the issue price has been duly paid.

Stock in registered form, when listed, will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961.

APPLICATION AND ALLOTMENT

The application list will open at 10.00 a.m. (London time) on Thursday, 25th April, 1985 and close later on the same day. All applications must be made on the application forms provided and must be lodged with Lloyds Bank Plc, Registrar's Department, Issue Section, P.O. Box 1,000, 61 Moorgate, London EC2R 6BL (the "Receiving Bank") not later than 10.00 a.m. (London time) on Thursday, 25th April, 1985 and must comply with the provisions of "Terms of Payment in Respect of Applications" below.

Applications must be for a minimum of £100 nominal amount of Stock and for multiples of Stock as follows:—

Amount of Stock applied for	Multiple
£100 to £1,000	£ 100
£1,000 to £10,000	£ 1,000
£10,000 to £100,000	£10,000
£100,000 or greater	£50,000

S. G. Warburg & Co. Ltd., on behalf of Malaysia, reserves the right to reject any application and to accept any application in part only. Acceptances of applications for Stock will be conditional *inter alia* upon the Council of The Stock Exchange admitting the Stock to the Official List on or before Wednesday, 1st May, 1985.

S. G. Warburg & Co. Ltd., on behalf of Malaysia, will announce the basis of allotment by 9.30 a.m. (London time) on Friday, 26th April, 1985. It is expected that confirmation of allotments will be despatched on that day.

If any application is not accepted the relevant application form and the amount paid thereon will be returned by post at the risk of the person submitting the application. If any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned and in the meantime all such amounts will be held in a separate account.

TERMS OF PAYMENT IN RESPECT OF APPLICATIONS

Each application, unless made by a recognised bank or stockbroker (as defined below) taking advantage of the alternative method of payment described below, must be accompanied by a separate cheque in pounds sterling made payable to "Lloyds Bank Plc" and crossed "Malaysia Loan", representing payment at the rate of £30 per cent. of the nominal amount of Stock applied for. Such cheques must be drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

The alternative method of payment, in respect of payments of £10,000 or more, is available only to recognised banks or stockbrokers who irrevocably engage to pay Lloyds Bank Plc at Registrar's Department, Issue Section, P.O. Box 1,000, 61 Moorgate, London EC2R 6BL for credit to the account designated "Malaysia Loan – Alternative Payment" by 10.00 a.m. (London time) on Wednesday, 1st May, 1985 the amount in Town Clearing Funds (as defined below) representing payment at the rate of £30 per cent. of the nominal amount of the Stock in respect of which their applications shall have been accepted.

Where an applicant has elected the alternative method of payment but, because the amount of Stork allotted to him is less than the amount applied for, the payment due by him falls below £10,000, such applicant must arrange for the receipt by Lloyds Bank Plc at its above address of a cheque for the amount payable, drawn as aforesaid, so as to be cleared on or before Wednesday, 1st May, 1985.

S. G. Warburg & Co. Ltd., on behalf of the Underwriters referred to below, reserves the right to instruct the Receiving Bank to retain the relevant allotment letters and surplus application moneys (if any) pending clearance of applicants' remittances.

Settlement of the balance due by Friday, 6th September, 1985 may be made either by means of a cheque, drawn as aforesaid, to be received by the Receiving Bank so as to clear no later than Friday, 6th September, 1985 or, for payments of £10,000 or more, by means of Town Clearing Funds (as defined below) to be received by the Receiving Bank not later than 10.00 a.m. on Friday, 6th September, 1985. Any amount paid in advance of its due date shall not bear interest or be entitled to any other payment. Failure to pay the balance on any Stock when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of two per cent. per annum above the Base Rate for the time being of Lloyds Bank Plc may be charged on such balance if accepted after its due date. Malaysia further reserves the right, in default of payment, to sell any such Stock fully paid for its own account.

The expression "recognised bank or stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979, any firm of stockbrokers or stockjobbers which is a member of The Stock Exchange, any Trustee Savings Bank, National Girobank and such other banks or brokers as S. G. Warburg & Co. Ltd., on behalf of Malaysia, shall determine for the purposes of the issue.

The expression "Town Clearing Funds" shall mean a cheque, banker's payment or banker's draft which is eligible for presentation in the Town Clearing System in the City of London.

DELIVERY

Renounceable allotment letters (partly paid) in respect of Stock allotted will, except as provided for in the following sentence, be despatched on Wednesday, 1st May, 1985 by first class post to, and at the risk of, the person submitting the application in accordance with the instructions stated on the application form. A recognised bank or stockbroker using the alternative method of payment may, by ticking Box A on the application form, request that the renounceable allotment letter be retained at Lloyds Bank Plc, Registrar's Department, Issue Section, 61 Moorgate, London EC2R 6BL for collection between 3.00 p.m. and 5.00 p.m. on Wednesday, 1st May, 1985. Any uncollected allotment letters will be despatched by first class post as above.

Allotment letters may be split up to 3.00 p.m. (London time) on Wednesday, 4th September, 1985 in accordance with the instructions contained therein into denominations or multiples of £100 nominal amount of Stock.

Unless a duly renounced fully paid allotment letter with the registration application form duly completed is received by the Receiving Bank at or before 3.00 p.m. on Friday, 6th September, 1985 or an election has been made at or before the same time to receive bearer bonds, the Stock represented by such allotment letter will, provided it is fully paid, be registered in the name of the original allottee and thereafter Stock in registered form will be transferable only by instrument of transfer. Stock certificates in respect of Stock in registered form will be despatched to the registered holders (in the case of joint holders to the first named) at their registered addresses on Friday, 4th October, 1985. After such date the relevant allotment letters will cease to be valid for any purpose.

Allotment letters will provide for Stockholders to elect to take delivery of Stock in bearer rather than registered form. Stock in bearer form will be represented by bearer bonds which will be available in the denomination of £5,000 each. Bearer bonds are expected to be available for delivery on and after Friday, 4th October, 1985.

Each Stockholder who elects in the allotment letter to receive bearer bonds may receive them in one of the following ways:—

(a) by post at the risk of the Stockholder. The allotment letter will include details of insurance arrangements (for the account of the Stockholder); or
(b) by delivery to an existing account with the Euro-clear System or CEDEL S.A.; or
(c) by collection from the offices of Lloyds Bank Plc, Registrar's Department at either Issue Section, 61 Moorgate, London EC2R 6BL or Goring-by-Sea, Worthing, West Sussex BN12 6DA.

No stock certificate or bearer bond will be issued unless the Stock to be represented thereby is fully paid.

DETERMINATION OF RATE OF INTEREST AND ISSUE PRICE

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a gross redemption yield determined on the basis described below (the "Issue Yield").

The Issue Yield shall mean the sum of 1.20 per cent. and the gross redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13½ per cent. Treasury Stock 2004-08 at 3.00 p.m. (London time) on Wednesday, 24th April, 1985, the price of such Treasury Stock to be determined by S. G. Warburg & Co. Ltd. to be the arithmetic mean of the bid and offered prices quoted on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The gross redemption yield will be expressed as a percentage and will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the *Journal of the Institute of Actuaries* Vol. 105, Part 1, 1978, page 18.

The rate of interest attaching to the Stock will be determined by S. G. Warburg & Co. Ltd. and will be an integral multiple of one eighth of one per cent. and will be as high as possible consistent with an issue price as near as possible to, but not less than, £90 per cent. The issue price will also be determined by S. G. Warburg & Co. Ltd. and will be expressed as a percentage rounded to three places of decimals (with 0.0005 rounded upwards).

It is intended that notice of the Issue Yield, rate of interest, issue price and the amount of the first interest payment will be published in the *Financial Times* on Thursday, 25th April, 1985.

DISTRIBUTION OF PROSPECTUS

Copies of the Prospectus and application form may be obtained until 7th May, 1985 from:—

S. G. Warburg & Co. Ltd., 33 King William Street, London EC4R 9AS;
Rowe & Pitman, 1 Finsbury Avenue, London EC2M 2PA;
W. Greenwell & Co., Bow Bells House, Bread Street, London EC4M 9RL;
Lloyds Bank Plc, Registrar's Department, Issue Section, 61 Moorgate, London EC2R 6BL; and
Company Announcements Office, The Stock Exchange, Old Broad Street, London EC2N 1HP (until 25th April, 1985 only).

PARTICULARS OF THE STOCK

The issue of the £75,000,000 Loan Stock 2009 (the "Stock") of Malaysia will be made by the Minister of Finance of Malaysia on behalf of Malaysia under the External Loans Act, 1963 (as amended) of Malaysia and will be constituted by a Deed Poll to be entered into by Malaysia. The following includes a summary of, and is subject to, certain detailed provisions of the Deed Poll, copies of which will be available for inspection at the offices of the Registrar and the Paying Agents referred to below.

Status

The Stock will represent a direct, unconditional, unsecured and general obligation of Malaysia and, subject to "Negative Pledge" below, will rank *pari passu* and without any preference among itself and at least equally with all other present and future unsecured obligations of Malaysia.

Negative Pledge

Malaysia will undertake that if it shall, in the future, secure any External Indebtedness or any guarantee, indemnity or other obligation in respect of External Indebtedness, now or hereafter existing, by any mortgage, pledge, lien or other charge upon any of its present or future revenues, properties or assets, the Stock shall be secured by such mortgage, pledge, lien or other charge equally and rateably with such External Indebtedness, guarantee, indemnity or other obligation; provided that the Stock will not be required to be so secured if the mortgage, pledge, lien or other charge is on properties or assets to secure the whole or any part of the purchase price of such properties or assets.

As used herein, "External Indebtedness" means any obligation in respect of borrowed moneys which borrowed moneys are expressed or denominated in a currency or currencies other than Malaysian ringgit or which are, at the option of the person entitled thereto, payable in a currency or currencies other than Malaysian ringgit or which are payable at a rate or in an amount determined by reference to a currency or currencies other than Malaysian ringgit.

Redemption and Purchase

(a) Redemption

Unless previously purchased and cancelled or redeemed, Malaysia will redeem the Stock at par on 31st July, 2009.

(b) Purchase and Cancellation

Malaysia may at any time purchase Stock (i) through The Stock Exchange or by tender (available to all Stockholders alike) at a price (exclusive of all costs of purchase) not exceeding the average of the middle-market quotations of the Stock taken from The Stock Exchange Daily Official List for the 10 dealing days preceding the date of purchase or, in the case of a purchase through The Stock Exchange, at the market price (provided that such market price is not more than five per cent. above such average) or (ii) by private treaty at a price (exclusive of all costs of purchase) not exceeding 115 per cent. of the middle-market quotation of the Stock taken from The Stock Exchange Daily Official List on the dealing day immediately preceding the date of purchase, but not otherwise. Malaysia will be entitled to hold and deal with Stock purchased under this paragraph (b), which may be cancelled or not as Malaysia thinks fit.

Attention is drawn to the section entitled "Purchase Fund" below.

Interest

The Stock will bear interest from 1st May, 1985 at a rate per annum to be determined in accordance with "Determination of Rate of Interest and Issue Price" above. Interest on the Stock will be payable (less, where applicable, United Kingdom income tax) by equal half yearly instalments on 31st January and 31st July (the "Interest Payment Dates") in each year, except that the first payment of interest in respect of the period from 1st May, 1985 to 31st January, 1986 will be made on 31st January, 1986 and will be calculated using the following formula:—

$$£I = \left(\frac{128}{365} \times \frac{30}{P} \times R\right) + \left(\frac{147}{365} \times R\right)$$

where £I is the first payment of interest on £100 nominal amount of Stock;
R is the percentage rate of interest attaching to the Stock; and
P is the issue price.

Further Issues

If Malaysia wishes to issue further stock so as to form a single issue with the Stock, it shall be at liberty to do so but shall constitute such further stock by a supplemental deed poll on terms that it shall be or become consolidated and form a single issue with the Stock.

Form

The Stock will be available in registered form ("Registered Stock") and in bearer form ("Bearer Stock") represented by bearer bonds in the denomination of £5,000. Each bearer bond will have attached thereto on issue interest coupons ("Coupons").

Transfer

Registered Stock will be transferable in amounts and multiples of one penny by instrument in writing as if the Stock were a security to which Section 1 of the Stock Transfer Act 1963 and the Stock Exchange (Completion of Bargains) Act 1976 of Great Britain applied. The initial Registrar and Transfer Office for the Registered Stock will be at the specified office of the Registrar.

Bearer bonds will be transferable by delivery.

Exchanges

Subject as provided below, Registered Stock may be exchanged in nominal amounts of £5,000, or integral multiples thereof, for bearer bonds. On issue, Coupons will be attached to bearer bonds in respect of subsequent Interest Payment Dates, provided that, in the case of a bearer bond issued pursuant to an application received after a Record Date (as defined under "Payments" below), no Coupon will be attached in respect of the Interest Payment Date immediately succeeding such Record Date. An application to exchange Registered Stock for Bearer Stock shall have attached thereto the stock certificates to which such application relates. If such stock certificates relate to a greater nominal amount of Stock than that in respect of which the application for exchange is made or relate to a nominal amount of Stock which is not an integral multiple of £5,000, the balance of such Stock will remain in registered form and a stock certificate will be issued to the holder in respect thereof.

Subject as provided below, Bearer Stock may be exchanged for Registered Stock. An application for such exchange shall have attached thereto the bearer bonds to which such application relates together with all unmatured Coupons which have been issued in respect thereof. Failing presentation of all unmatured Coupons relating to a particular bearer bond, no exchange shall be made in respect of such bearer bond. In the case of receipt of an application during the period commencing on the day following a Record Date and expiring on the day before the next Interest Payment Date, the Coupon falling due for payment on such Interest Payment Date shall be deemed, for this purpose, to have matured.

Applications for exchange may be made at any time after 4th October, 1985 and must be made on the exchange forms available from the specified offices of the Registrar, the Principal Paying Agent, the Exchange Agent and the Paying Agents. Such forms, duly completed and signed (where appropriate, by or on behalf of each of the Stockholders named in the relevant stock certificates), must be lodged at the specified office of the Exchange Agent. Exchanges will only be made on payment of such reasonable costs and expenses as may be charged in connection therewith. All applications for the exchange of Registered Stock for Bearer Stock and *vice versa* will be irrevocable. An application shall be deemed to be made on receipt by the Exchange Agent of a duly completed exchange form accompanied by the documents and payments referred to above and (whenever actually processed) the relevant exchange shall take effect on (and inclusive of) the date of such receipt.

Bearer bonds issued in exchange for Registered Stork (and any balance stock certificate) and stock certificates in respect of Registered Stock issued in exchange for Bearer Stock will be available for delivery at either of the specified offices of the Exchange Agent or will be despatched in accordance with the instructions contained in the exchange form, in each case within three business days of receipt of the relevant exchange form duly completed.

Payments

In the case of Registered Stock, payments of principal and interest will be made in pounds sterling by cheque or warrant, drawn on a Town Clearing Branch of a bank in the City of London, which will be posted no later than the due date for the relevant payment at each Stockholder's risk to persons who are registered as Stockholders at the close of business on the relevant Record Date or to their nominated agents and made payable to such Stockholders. In the case of joint holders in respect of a particular holding, the cheque or warrant (made payable to all such holders) will be sent to the first named on the Register unless instructions to the contrary are given in writing to the Registrar by all such holders. The "Record Date" shall mean the thirtieth day before an Interest Payment Date but should such thirtieth day fall on a day on which the specified office of the Registrar is not open for business, then the Record Date shall mean the first day thereafter on which such specified office is open for business.

In the case of Bearer Stock, payments of principal will only be made against surrender of the bearer bonds and, subject as mentioned below, payments of interest will only be made against surrender of Coupons at the specified office of the Paying Agent in London in pounds sterling or, at the option of the bearer, at the specified office of any Paying Agent by a cheque in pounds sterling drawn on a Town Clearing Branch of a bank in the City of London or by transfer to an account in pounds sterling maintained by the payee with a bank in London.

Bearer bonds should be surrendered for redemption together with all unmatured Coupons, failing which the face value of any missing unmatured Coupon (or, in the case of partial payment in respect of any bearer bonds being made, the proportion of such face value which the amount of the partial payment bears to the principal amount due in respect of the bearer bonds) will be deducted from the principal sum due for payment. Any amounts of principal so deducted will be paid in the manner mentioned in the preceding paragraph against surrender of the relevant missing Coupon at any time before the expiry of a period of 10 years after the due date for such redemption, whether or not such Coupon would otherwise become void pursuant to "Prescription" below.

If the due date for payment of any amount of principal or interest in respect of any bearer bond or Coupon is not a day on which banks are open for business in the location of the specified office of the Paying Agent at which the bearer bond or Coupon in question is presented for payment and, in the case of payment by transfer to an account maintained by the payee in London as referred to above, on which dealings in pounds sterling may be carried on in both London and in such place, then the holder thereof shall not be entitled to payment of such amount until the next following such day in such place or places or to any interest or other sum in respect of such delay.

If the redemption date for any bearer bond is not an Interest Payment Date, interest accrued since (and including) the last preceding Interest Payment Date will be paid only to the holder against surrender of the relevant bearer bond.

All payments of principal and interest in respect of the Stock are and will be exempt from any and all restrictions relating to exchange control imposed by Malaysia, but will be subject to any fiscal or other laws applicable in England and, where the relevant bearer bonds or Coupons are surrendered for payment at the specified office of a Paying Agent outside England, in the jurisdiction where such specified office is located.

Taxation

All payments of principal and interest made by Malaysia in respect of the Stock and all other obligations of Malaysia as represented by the Stock are and will be exempt from, and will be made without withholding or deduction for or on account of, any present or future taxes, duties, levies, assessments or other charges of whatsoever nature (including estate and succession duties) now or hereafter imposed or levied on the Stock or any holder thereof by or on behalf of Malaysia or any political sub-division or taxing authority thereof or therein. The foregoing shall not apply to the imposition of or withholding or deduction for or on account of any such tax, duty, levy, assessment or other charge on a payment of principal or interest in respect of Stock where the holder thereof is liable to such tax, duty, levy, assessment or other charge by reason of having his residence in Malaysia or maintaining in Malaysia a permanent establishment to which the holding of such Stock is attributable for the purposes of Malaysian income tax.

Replacement of Stock Certificates, Bearer Bonds and Coupons

If any stock certificate, bearer bond or Coupon is mutilated, defaced, destroyed, stolen or lost it may be replaced at the specified office of the Registrar in the case of a stock certificate or of the Exchange Agent in the case of a bearer bond or Coupon upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as Malaysia and the Registrar, or as the case may be, the Exchange Agent, may require. Mutilated or defaced stock certificates, bearer bonds or Coupons must be surrendered before replacements will be issued.

Registrar, Principal Paying Agent, Exchange Agent and Paying Agents

The initial Registrar will be Lloyds Bank Plc and its specified office will be Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA and the initial Principal Paying Agent and Exchange Agent will be Lloyds Bank Plc and its specified offices will be Registrar's Department, Issue Section, 61 Moorgate, London EC2R 6BL and Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA, or in each case, such other addresses as may be notified to Stockholders in accordance with "Notices" below. In the event of any change in the above appointments, Malaysia will appoint another Registrar having a specified office in the United Kingdom or another Principal Paying Agent or Exchange Agent having a specified office in London, as the case may be, and notice of each such appointment will be given to Stockholders in accordance with "Notices" below.

The initial Paying Agents will be Kredietbank S.A. Luxembourgeoise and Morgan Guaranty Trust Company of New York and their specified offices will be 43 Boulevard Royal, Luxembourg and 35 Avenue des Arts, B-1040, Brussels, Belgium respectively. Malaysia will at all times maintain a Paying Agent in at least one country in Europe other than the United Kingdom. Stockholders will be notified in accordance with "Notices" below of the replacement of any Paying Agent, a change in its specified office or the appointment of additional Paying Agents.

Events of Default

If any of the following events shall occur and shall be continuing, each Stockholder may, by written notice given to Malaysia care of Bank Negara Malaysia at its principal office for the time being in Malaysia, declare his Stock due and repayable whereupon such Stock shall immediately become due and repayable, together with accrued interest to the date of actual repayment in full (as well after as before judgment):—

(i) any amount of principal or interest due on the Stock is not paid within ten days of the due date; or
(ii) Malaysia shall fail to perform or observe any other term, undertaking or agreement contained in or relating to the Stock, and such default shall continue for 30 days after notice thereof shall have been given by the holder of any of the Stock to Malaysia care of Bank Negara Malaysia at its principal office for the time being in Malaysia; or
(iii) any External Indebtedness (as defined under "Negative Pledge" above) of Malaysia becomes prematurely payable or repayable following a default or Malaysia defaults in the payment or repayment of any of its External Indebtedness at the maturity thereof as extended by any grace period applicable thereto or any guarantee given by Malaysia of any External Indebtedness of others is not honoured when due and called upon or within any grace period applicable thereto or any security for any External Indebtedness of Malaysia or for any guarantee of any External Indebtedness of others given by Malaysia becomes enforceable or Malaysia shall declare a general moratorium on the payment of its External Indebtedness.

Modification of Rights

The conditions of the Stock, the provisions of the Deed Poll and the rights of Stockholders will be subject to modification by Extraordinary Resolution of the holders of the Stock as provided in the Deed Poll.

Title to Bearer Bonds and Coupons

Malaysia, any Paying Agent and the Exchange Agent may treat the holder of any bearer bond or Coupon as the absolute owner thereof (whether or not such bearer bond or such Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon) for the purposes of receiving payment and for all other purposes.

Prescription

If any principal or interest in respect of Stock which was Registered Stock on the due date for payment of such principal or interest remains unclaimed for a period of 10 years (in the case of principal) or five years (in the case of interest) from the later to occur of (i) such due date for payment thereof and (ii) the date on which the cheque or warrant in payment thereof was first despatched, such principal or (as the case may be) interest shall, at the end of such 10-year or (as the case may be) five-year period, be forfeited and revert to Malaysia and the rights in respect of the person or persons otherwise entitled thereto shall become void.

Each bearer bond and (except as mentioned in "Payments" above) each Coupon will be void unless surrendered for payment within a period of 10 years and five years, respectively, from its due date for payment.

Governing Law, Jurisdiction and Waiver of Immunity

The conditions of the Stock and the provisions of the Deed Poll will be governed by and construed in accordance with the laws of England.

Malaysia will irrevocably agree that any suit, action or proceeding ("proceedings") arising out of or in connection with the Stock may be brought in the English courts or in any competent court in Malaysia, will submit to the non-exclusive jurisdiction of, and, to the extent that it is legally able to do so, will waive irrevocably any immunity to which it might otherwise be entitled in proceedings brought in, each such court and will consent generally in respect of any proceedings arising out of or in connection with the Stock to the giving of any relief or the issue of any process in the English courts in connection with such proceedings including, without limitation, the making, enforcement or

execution against any property whatsoever (irrespective of its use or intended use but excluding property in Malaysia) of any judgment which may be given in such proceedings. Malaysia will agree that the most senior person in London for the time being representing Malaysia in diplomatic or consular affairs will be its authorised agent for the receipt of any writ, judgment or other process in connection with proceedings in England and that any writ, judgment or other process shall be sufficiently and effectively served on Malaysia if delivered to the said representative at his official address (or, if none, his address) for the time being in England or in any other manner permitted by law.

Notices

All notices will be valid if despatched by pre-paid post (first class airmail if overseas) to each Stockholder at his registered address (and in the case of joint holders, at the address of the Stockholder whose name stands first in the Register unless, in the case of a particular joint holding, instructions to the contrary are given in writing to the Registrar by all the joint holders in respect of such holding) and if published in one leading daily newspaper printed in the English language and with general circulation in London or, if this is not practicable, in a newspaper printed in the English language having general circulation in Europe. It is expected, however, that publication of such notices will normally be made in the *Financial Times*. Any such notice will be deemed to have been given on the later of the day following the date of such despatch and the date of the first such publication.

PURCHASE FUND

By an Agreement dated 22nd April, 1985 (the "Purchase Agency Agreement"), Malaysia has appointed S. G. Warburg & Co. Ltd. as its purchase agent (together with any successor, the "Purchase Agent") in relation to the Stock (which for this purpose includes the stock of any further issue made pursuant to "Particulars of the Stock — Further Issues" above once it has become consolidated with the Stock then outstanding). The Purchase Agent will endeavour to purchase on The Stock Exchange or otherwise £5,000,000 nominal amount of the Stock (which may include rights thereto in renounceable form and, in the case only of the £75,000,000 nominal amount of Stock now being offered, notwithstanding that such Stock may only be partly paid) for the account of Malaysia during the period beginning on 1st May, 1985 and ending on 31st January, 1988. Purchases will be made at such prices (exclusive of accrued interest and all costs of purchase) as the Purchase Agent may at its sole discretion consider reasonable in the light of then prevailing market conditions, but not exceeding the issue price of the £75,000,000 nominal amount of Stock now being offered (or, so long as such Stock remains partly paid, £30 per cent. of the nominal amount thereof) at such times within such period as the Purchase Agent may at its sole discretion determine. Stock so purchased will be cancelled. The nominal amount of Stock which the Purchase Agent will be required to endeavour to purchase pursuant to the Purchase Agency Agreement will be reduced to the extent that Malaysia purchases Stock otherwise than through the Purchase Agent and cancels such Stock or causes it to be cancelled (together, in the case of Bearer Stock, with all unmatured Coupons relating thereto) towards satisfaction of the nominal amount of Stock to be purchased and cancelled pursuant to the Purchase Agency Agreement. Within 21 days of each Interest Payment Date, Malaysia will announce the nominal amount of Stock cancelled pursuant to the Purchase Agency Agreement during the six months preceding such Interest Payment Date.

Malaysia undertakes that it will not terminate the Purchase Agency Agreement during the above period or seek to amend it so as to reduce the £5,000,000 nominal amount or the period or the maximum prices mentioned above. Any amendment to the Purchase Agency Agreement will be notified to Stockholders in the same manner as notices to Stockholders are required to be given in accordance with the terms and conditions of the Stock.

The above undertaking is not a term or condition of the Stock. The Purchase Agent will act solely as the agent of Malaysia and does not assume any duty of agency or trust towards the subscribers of the Stock or the holders for the time being of the Stock.

USE OF PROCEEDS

The net proceeds to be received by Malaysia from the issue of the Stock will be credited to an account of Bank Negara Malaysia (the Central Bank of Malaysia) on behalf of Malaysia. Such funds will be used for purposes specified in the External Loans Act, 1963 (as amended).

STOCK EXCHANGE DEALING

The Stock in both registered and bearer forms will be dealt in on The Stock Exchange in the Gilt-edged market. The Stock will normally be traded for settlement and delivery on the working day after the date of the transaction. Under current market practice, the price of the Stock will be quoted inclusive of accrued interest until the Stock has five years or less to run until final maturity.

It is expected that dealings on The Stock Exchange will begin on Friday, 26th April, 1985 without documents of title and at seller's risk for deferred settlement on Thursday, 2nd May, 1985.

CURRENT UNITED KINGDOM TAXATION AND STAMP DUTY

The statements below are based on current law and Inland Revenue practice.

Income Tax

United Kingdom income tax at the basic rate (currently 30 per cent.) will be deducted from interest paid on Registered Stock. Holders of Registered Stock who are not resident in the United Kingdom for tax purposes may apply for exemption from this tax by sending a form A3 to the Inspector of Foreign Dividends.

Such income tax will also be deducted from interest paid on bearer bonds by the United Kingdom Paying Agent unless a declaration can be made, in the form required by the Inland Revenue, that the holder is the beneficial owner of the interest and bearer bond and is not resident in the United Kingdom for tax purposes and unless the interest is deemed to be the income of a resident of the United Kingdom for tax purposes.

There are certain exceptions to the above where interest is paid to banks or where interest on Registered Stock is paid directly abroad.

Paying Agents outside the United Kingdom will not deduct United Kingdom income tax from interest on bearer bonds. However, where any person in the United Kingdom obtains payment of interest on the bearer bonds on behalf of the holder, that person will deduct United Kingdom income tax unless a declaration can be made in the form required by the Inland Revenue that the holder is the beneficial owner of the interest and bearer bond and is not resident in the United Kingdom for tax purposes and unless the interest is deemed to be the income of a resident of the United Kingdom for tax purposes.

Capital Gains Tax

The Stock will not be a "deep discount security" within Section 36 of the Finance Act 1984. Notwithstanding that the issue price of the Stock will be below its nominal value, no part of the original issue discount which is realised either by payment on redemption of the Stock or on sale prior to redemption will be subject to United Kingdom income tax (except as a trading receipt of a dealer in securities).

The Stock will be a qualifying corporate bond for the purposes of United Kingdom tax on capital gains. Gains on Stock held for more than 12 months (including gains attributable to the original issue discount) will generally be exempt from such tax. Losses on Stock held for more than 12 months will not be allowable losses. Special rules determine when Stock sold or redeemed is regarded to have been acquired.

It should be noted that from the introduction of the accrued income scheme on 28th February, 1986, gains attributable to accruing interest will be taxable as income. This will be subject to exceptions for individuals with small holdings of securities. In addition, transitional provisions are to be introduced to prevent forestalling of the accrued income scheme.

Stamp Duty

Transfers of Stock are free of United Kingdom stamp duty.

INVESTMENT STATUS

Trustee Status

Registered Stock, when listed, will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Investment by trustees in bearer bonds is subject to the provisions of section 7 of the Trustee Act 1925.

Building Society Status

Registered Stock, when listed, will be an investment falling within the Schedule to the Building Societies (Authorised Investments) (No. 2) Order 1977 (as amended) and will initially fall within Part III of that Schedule.

Insurance Company Status

The Stock will be within the meaning of "approved securities" under Part V of The Insurance Companies Regulations 1981.

INFORMATION RELATING TO MALAYSIA

Social and Political Structure

Malaysia is an independent and sovereign state. Since independence in August 1957, Malaysia has been a member of the British Commonwealth.

Malaysia has a total land area of 331,000 square kilometres, comprising Peninsular Malaysia (132,000 square kilometres) and Sarawak and Sabah (199,000 square kilometres) in northwest Borneo.

The population of Malaysia in 1984 was estimated to be 15.1 million, 83 per cent. of which inhabited Peninsular Malaysia. Malays and other indigenous peoples comprised 56 per cent. of the population, while Chinese and Indian Malaysians comprised 33 per cent. and 10 per cent. respectively.

Malaysia is a parliamentary democracy with a constitutionally elected monarch. Her Parliament consists of the King, elected by and from among the hereditary rulers of nine of the 13 States of Malaysia; a Senate consisting of 32 members nominated by the King and 26 members elected by the 13 State legislatures; and a House of Representatives elected every five years through universal adult suffrage. Federal legislative power is vested in the King, the Senate and the House of Representatives, from the last of which the Prime Minister is drawn. Although legislation may originate from either house (except for finance bills, which must originate from the House of Representatives), it is rare for the Senate itself to propose new legislation. The King and the Senate have power to delay new legislation for a period but have no right of veto. Parliamentary procedure in Malaysia is derived from that of the United Kingdom.

From independence to the present, the National Front (formerly the Alliance Party) has been the ruling party in Malaysia. The National Front is a coalition consisting chiefly of the members of the original Alliance Party, namely the United Malay National Organisation, the Malaysian Chinese Association and the Malaysian Indian Congress. The National Front currently holds 138 of the 154 seats in the House of Representatives. Malaysia's next general election is due to be held in May 1987. Since independence, Malaysia has enjoyed a high level of constitutional and political stability.

Malaysia is a member of the United Nations, the International Monetary Fund, the International Bank for Reconstruction and Development, the Asian Development Bank and the Association of South East Asian Nations (ASEAN), and is a contracting party to the General Agreement on Tariffs and Trade (GATT).

Economic Structure and the New Economic Policy

Malaysia's economy is based on free enterprise. The Government, however, initiates and guides economic development through five-year economic plans (the "Malaysia Plans") and through the New Economic Policy, which was introduced in 1971 in the Second Malaysia Plan. The New Economic Policy emphasises the importance of reducing through the medium of growth the economic imbalances among the major ethnic groups and regions in the country.

The Fourth Malaysia Plan, which was introduced in 1981, continues to seek to create wealth and to restructure Malaysian society in order to reduce socio-economic imbalances and attain long-term economic progress. Work is currently in progress for the introduction in 1986 of the Fifth Malaysia Plan.

The public sector has traditionally played an important role in Malaysia's industry and business, not only through its operation of certain basic facilities such as the railway, air transport and telecommunications systems but also through joint ventures with the private sector. In accordance with the Government's policy of privatisation, the process of transferring certain of its assets to private sector ownership has commenced. This policy of privatisation is aimed largely at relieving the financial and administrative burden of the Government and at increasing the economic efficiency of Malaysia through greater private sector participation.

Exports, Imports and Industries

In the first 11 months of 1984, Malaysia's principal exports were petroleum (23.2 per cent.), manufactured goods (30.6 per cent.), saw logs and sawn timber (9.6 per cent.), palm oil (11.9 per cent.), rubber (9.7 per cent.) and tin (3.3 per cent.). While exports of agricultural commodities remain of fundamental importance to Malaysia's economy, exports of crude petroleum and manufactured goods, which in 1979 comprised only 17.5 per cent. and 19.9 per cent. of exports respectively, have grown in importance.

Malaysia's manufacturing industry evolved initially in substitution for imports but has expanded to comprise 18.6 per cent. of real GDP in 1984. Principal manufactures include electrical appliances and electronic components, petroleum and chemical-based products, textiles, clothing and footwear, food and wood products.

Malaysia's current proven oil reserves are estimated at 2.9 billion barrels, which at the present rate of depletion should last 20 years. Although Malaysia increasingly is an important oil producer, she is not a member of OPEC. Malaysia's commercially recoverable reserves of natural gas are estimated at 49 trillion cubic feet. Production of liquified natural gas commenced in January 1983 and is estimated at 3.7 million tonnes in 1984. LNG production is expected to rise over the next few years.

Malaysia's principal export markets are Singapore, Japan and the United States. Malaysia is committed to strengthening economic ties with her Asian and Pacific neighbours.

Malaysia's imports are heavily weighted toward machinery and transport equipment and also include other manufactured goods, low grade mineral oils and food items. The principal exporters to Malaysia are Japan, the United States and Singapore.

For the four years ended 31st December, 1983 and the 11 months ended 30th November, 1984, Malaysia's exports and imports were as follows:—

	1980	1981	1982	1983	Jan.–Nov. 1984(1)
	M$'m	M$'m	M$'m	M$'m	M$'m
EXPORTS (f.o.b.)					
Agriculture					
Rubber	4,618	3,712	2,655	3,664	3,392
Saw logs	2,618	2,476	3,382	2,807	2,317
Sawn timber	1,344	1,119	1,165	1,350	1,057
Palm oil	2,603	2,835	2,742	2,995	4,148
Palm kernel oil and coconut oil	403	382	402	603	880
Pepper	108	82	66	78	73
Fish	171	145	153	194	137
Minerals					
Tin	2,505	2,138	1,484	1,718	1,162
Crude petroleum	6,709	6,921	7,694	7,871	8,114
Manufactures	6,232	6,285	7,355	9,447	10,692
Other exports	861	1,014	1,010	2,044	3,002
Total	28,172	27,109	28,108	32,771	34,974
IMPORTS (c.i.f.)					
Food, beverages and tobacco	2,666	3,197	3,247	3,124	3,133
Inedible crude materials	1,053	1,191	1,132	1,192	1,065
Mineral fuels	3,554	4,579	4,390	4,246	3,089
Oil and fats	30	35	37	56	112
Chemicals	2,022	2,096	2,145	2,424	2,454
Manufactured goods	3,849	4,277	4,915	4,893	4,686
Machinery and transport equipment	9,105	9,884	11,548	13,162	13,697
Miscellaneous manufactured goods	975	1,077	1,354	1,429	1,606
Other imports	197	268	255	213	281
Total	23,451	26,604	29,023	30,739	30,123

Note:—
(1) Preliminary.
Source: Department of Statistics, Malaysia.

Recent Development of the Economy

Malaysia has enjoyed rapid economic growth. In the 1960s and 1970s this was based upon the exploitation of her wide range of natural resources, which include petroleum, timber, rubber, tin and palm oil. In the five years ended 1980, Malaysia's real GDP grew at an average annual rate of 8.6 per cent. Until 1980, the wealth generated by commodity exports was mostly sufficient to finance Malaysia's expansion of her industrial and manufacturing sector.

For the five years ended 31st December, 1984, Malaysia's GDP (at 1970 constant prices) was as follows:—

	1980		1981		1982	
	M$'m	%	M$'m	%	M$'m	%
Agriculture, forestry and fishing	6,255	23.8	6,516	23.2	6,995	23.6
Mining and quarrying	1,171	4.5	1,148	4.1	1,180	4.0
Manufacturing	4,874	18.6	5,115	18.2	5,309	17.9
Construction	1,209	4.6	1,391	5.0	1,523	5.1
Electricity, gas and water	605	2.3	665	2.4	707	2.4
Public administration and defence	3,202	12.2	3,750	13.3	4,030	13.6
Transport, storage and communication	1,805	6.9	2,024	7.2	2,248	7.6
Wholesale and retail trade	3,530	13.5	3,772	13.4	3,952	13.3
Other services	2,761	10.5	2,949	10.5	3,111	10.5
GDP at purchasers' value (2)	26,228	100.0	28,092	100.0	29,677	100.0

	1983		1984 (1)		Average Annual Growth Rate 1980/1984
	M$'m	%	M$'m	%	%
Agriculture, forestry and fishing	6,922	22.0	7,130	21.1	3.3
Mining and quarrying	1,398	4.4	1,678	5.0	7.0
Manufacturing	5,659	18.0	6,287	18.6	7.1
Construction	1,685	5.4	1,825	5.4	12.2
Electricity, gas and water	786	2.5	874	2.6	9.4
Public administration and defence	4,232	13.5	4,401	13.1	7.6
Transport, storage and communication	2,447	7.8	2,667	7.9	11.5
Wholesale and retail trade	4,260	13.5	4,567	13.5	7.6
Other services	3,324	10.6	3,539	10.5	6.3
GDP at purchasers' value (2)	31,442	100.0	33,724	100.0	6.8

Notes:—
(1) Preliminary.
(2) The component items do not necessarily add up to the total since the component items, unlike the total, exclude imputed bank charges and import duties.
Source: Department of Statistics, Malaysia.

The world recession which followed the 1979 oil price rises depressed overseas demand for several of Malaysia's primary products. Until mid-1982, the Government sought to insulate Malaysia from the recession through increased public sector expenditure, which was substantially financed in the domestic and foreign capital markets. The worsening of Malaysia's balance of trade coupled with an increase in the cost of Federal debt service resulted in a marked deterioration of Malaysia's balance of payments. The current account of the balance of payments declined from a surplus in 1979 of M$2,034 million to a deficit in 1982 of M$8,409 million. In the same period, Government debt (domestic and external) rose from M$20,492 million to M$41,869 million and the Government deficit rose from 8.2 per cent. to 18.3 per cent. of GDP.

For the five years ended 31st December, 1984, Malaysia's balance of payments was as follows:—

	1980	1981	1982	1983	1984(1)
	M$'m	M$'m	M$'m	M$'m	M$'m
Merchandise balance	5,238	(243)	(1,758)	1,149	6,297
Exports (2)	28,013	26,900	27,946	31,853	37,881
Imports (2)	(22,775)	(27,143)	(29,704)	(30,704)	(31,584)
Services balance	(5,813)	(5,312)	(6,576)	(8,594)	(10,289)
Transfers (net)	(45)	(78)	(75)	(54)	(155)
Balance on current account	(620)	(5,633)	(8,409)	(7,499)	(4,147)
Official long-term capital (net)	322	2,916	4,589	4,649	2,469
Government borrowing (net) (3)	352	2,942	4,897	4,796	3,330
Other official long-term capital	(30)	(26)	(308)	(147)	(861)
Corporate investment	2,033	2,914	3,263	2,797	2,105
Commercial credits (net)	(140)	101	580	1,593	1,630
Balance on long-term capital account	2,215	5,931	8,432	9,039	6,204
Balance on current and capital account	1,595	298	23	1,540	2,057
Private financial capital (4)	939	97	326	285	(288)
Errors and omissions	(1,532)	(1,488)	(963)	(1,880)	(1,457)
Allocation of Special Drawing Rights	76	73	—	—	—
IMF Resources	—	510	152	166	(125)
Net change in Central Bank reserves	1,078	(510)	(462)	111	187

Notes:—
(1) Preliminary.
(2) The amounts shown represent the total recorded external trade figures adjusted for balance of payments purposes in accordance with internationally accepted practices.
(3) Refers to receipts and repayments on market and project loans and suppliers credit by the Government and statutory authorities.
(4) Refers to change in net overseas assets of commercial banks, finance companies, merchant banks and other identified financial institutions.
Sources: Bank Negara Malaysia.
Department of Statistics, Malaysia.

Following the general election in 1982, the Government announced its intention to redress the balance of Malaysia's current account and reduce the Government deficit. The reduction of Malaysia's debt burden became a central feature of the administration's policy. In order to achieve these objectives, the public sector is reducing its role in Malaysia's industrial and business development and increased private sector investment is being encouraged from both home and abroad. The Government seeks to broaden Malaysia's manufacturing base, particularly those sectors related to Malaysia's natural resources.

In 1984, the rate of growth of Malaysia's real GDP increased to 7.3 per cent., compared to 5.9 per cent. in 1983. In 1984, Malaysia's balance of payments' deficit on the current account was reduced from M$7,499 million to M$4,147 million and the Government deficit declined to M$7,358 million (9.6 per cent. of GDP). Malaysia's trade balance recorded a surplus of M$6,297 million compared with the surplus of M$1,149 million in 1983.

On 19th October, 1984, the Government introduced the 1985 Budget to the House of Representatives. The Budget continues the policies begun in 1982 and reflects the three central, strategic aims of continued constraints on public sector expenditure; measures to reduce the current account deficit of the balance of payments; and the promotion of private sector growth. Total Federal expenditure in 1985 is expected to amount to M$28,201 million (compared to M$27,715 million in 1984), of which 75 per cent. is earmarked for operating and 25 per cent. for development expenditures. This compares with 73 per cent. and 27 per cent. allocated to operating and development expenditures respectively in 1984. The small amount of the increase in total Federal expenditure reflects the Government's commitment to take measures necessary to ensure that expenditure is maintained at the lowest possible level.

These measures include continuing the freeze on new civil service appointments and control over non-essential expenditures.

In order to promote private sector growth, the 1985 Budget introduced a number of important tax measures designed to encourage private savings and investment. Personal income tax thresholds were reduced and the threshold for death duties for persons domiciled in Malaysia was increased from M$600,000 to M$2,000,000. In addition, the Government has announced that it is reviewing the system of industrial incentives in order to encourage further private investment.

Public Debt

Total Government direct debt in 1984 aggregated M$57,761 million, or M$3,825 per capita, compared to total GDP of M$76,400 million, or M$5,060 per capita. In the same year, Malaysia's external direct debt totalled M$20,686 million and external debt service payments of the Federal Government represented 13.5 per cent. of Federal revenue. Direct debt means, for these purposes, both external and internal borrowing undertaken directly by the Federal Government.

(a) Direct Debt

For the five years ended 31st December, 1984, direct debt of the Government of Malaysia was as follows:—

	1980	1981	1982	1983	1984(1)
	M$'m	M$'m	M$'m	M$'m	M$'m
Internal:					
Funded Debt	16,795	20,586	26,421	31,165	34,285
Other Direct Debt	1,490	1,790	2,290	2,790	2,790
Total	18,285	22,376	28,711	33,955	37,075
External (2):					
Funded Debt	4,861	8,278	13,158	17,728	20,686
Other Direct Debt	—	—	—	—	—
Total	4,861	8,278	13,158	17,728	20,686
Total:					
Funded Debt (3)	21,656	28,864	39,579	48,893	54,971
Other Direct Debt	1,490	1,790	2,290	2,790	2,790
Total	23,146	30,654	41,869	51,683	57,761

Notes:—
(1) Preliminary.
(2) Debt raised prior to the end of 1973 has been revalued at the exchange rate prevailing at the end of each year. Debt raised subsequent to this date has been valued at the exchange rates at the time of receipt.
(3) All debt classified as "funded debt" refers to debt obligations with original maturities of more than one year from the date of issue.

(b) Recent Borrowings

Since 1st January, 1985 to the date hereof, the following internal financing was arranged by the Government:—

Title	Amount	Date of issue
Government of Malaysia, Loan No. 1 of 1985	M$1,600 million	16th April, 1985

Since 1st January, 1985 to the date hereof, the following external financings were arranged by the Government:—

Title	Amount	Date of issue/drawdown
Syndicated Loan	Can.$150 million	6th March, 1985
FRNs due 2015	U.S.$600 million	15th April, 1985

Note:—
The following financing transaction has been signed but, at the date of this Prospectus, the proceeds had not been utilised:—

Title	*Amount*	*Date of Signing*
Syndicated Loan	*U.S.$500 million*	*29th May, 1984*

Guarantees

For the five years ended 31st December, 1984, debt guaranteed by Malaysia was as follows:—

	1980	1981	1982	1983	1984(1)
	M$'m	M$'m	M$'m	M$'m	M$'m
Internal	703	638	1,331	1,576	1,761
External (2)	2,404	2,953	3,715	5,487	7,138
Total	3,107	3,591	5,046	7,063	8,899

Notes:—
(1) Preliminary.
(2) Debt raised prior to the end of 1973 has been revalued at the exchange rates prevailing at the end of each year. Debt raised subsequent to this date has been valued at exchange rates prevailing at the time of receipt.

Debt Record

The Federal Government of Malaysia has always paid when due the full currency face amount of principal, interest and amortisation or sinking fund requirements of its direct and indirect indebtedness in accordance with the terms of such indebtedness.

GENERAL INFORMATION

Underwriting Arrangements

By an Underwriting Agreement dated 22nd April, 1985, S. G. Warburg & Co. Ltd., Barclays Merchant Bank Limited, Baring Brothers & Co., Limited, County Bank Limited, Lloyds Bank International Limited, Samuel Montagu & Co. Limited, Morgan Grenfell & Co. Limited, N. M. Rothschild & Sons Limited and J. Henry Schroder Wagg & Co. Limited (the "Underwriters") have agreed with Malaysia to underwrite the issue of the Stock and the payment of £30 per cent. of the nominal amount thereof. The Underwriting Agreement is subject to certain conditions and S. G. Warburg & Co. Ltd., on behalf of the Underwriters, may terminate the Underwriting Agreement if such conditions are not fulfilled and under certain other circumstances. If the Underwriting Agreement is so terminated, no applications for the Stock will be accepted or, as the case may be, acceptances of applications for the Stock will become void.

Malaysia has agreed to pay to the Underwriters commissions aggregating £1.25 per £100 nominal amount of Stock for their services as managers and underwriters of the issue, out of which will be paid commissions to the brokers to the issue (Rowe & Pitman and W. Greenwell & Co.) and certain other persons who have been offered, on behalf of Malaysia, and have accepted underwriting participations in respect of the issue of the Stock. Malaysia will also pay brokerage of 12½p per £100 of Stock to recognised banks or stockbrokers (as defined above) on allotments made in respect of applications on forms bearing their stamp; this commission will not, however, be paid in respect of any allotment which arises out of an underwriting commitment. The total expenses of the issue (including the above-mentioned commissions but excluding brokerage) are estimated to amount to approximately £1.09 million and are payable by Malaysia.

General

No person is authorised to give any information or to make any representation not contained in this Prospectus; and any information or representation not contained herein must not be relied upon as having been authorised by Malaysia. This Prospectus does not constitute an offer of, or an invitation to subscribe for, the Stock in any jurisdiction to any person to whom it is unlawful to make such an offer or invitation in such jurisdiction.

The Euro-clear System and CEDEL S.A. have accepted the bearer bonds for clearance under code nos. 12336 and 203394 respectively.

The Stock is issued by the Minister of Finance of Malaysia on behalf of Malaysia under the External Loans Act, 1963 (as amended) which authorises the raising of loans outside Malaysia for a variety of statutory purposes.

By an Order of the Minister of Finance made on 22nd April, 1985 under the External Loans Act, 1963 (as amended), effect has been given to the exemptions from Malaysian taxation and exchange control contained in the terms and conditions of the Stock (see "Payments" and "Taxation" under "Particulars of the Stock" above). The loan evidenced by the Stock will not be an approved loan for the purposes of the Income Tax Act 1967 (as amended) of Malaysia.

Under Malaysian law, Malaysia is permitted to submit, as described in "Governing Law, Jurisdiction and Waiver of Immunity" under "Particulars of the Stock" above, to the jurisdiction of the English courts. A Stockholder may take action against Malaysia in such courts to recover the principal of, or interest on, the Stock and may obtain a final conclusive judgment expressed in pounds sterling. The judgment of any such English court may be enforced in Malaysia pursuant to the Reciprocal Enforcement of Judgements Act, 1958 of Malaysia. Under Malaysian law, however, no execution or attachment or process in the nature thereof can be issued out of any court in Malaysia for enforcing any judgment or order against any of the assets of Malaysia in Malaysia. Judgments obtained against Malaysia are however charged on the Federal Consolidated Fund under Article 98 of the Federal Constitution.

Malaysian legislation provides that where the sum payable under a judgment which is to be registered is expressed in a currency other than Malaysian currency, the judgment shall be registered as if it were a judgment for such sum in Malaysian currency as, on the basis of the rate of exchange prevailing at the date of the judgment of the original court, is equivalent to the sum so payable. The Deed Poll will provide that Stockholders will not suffer any loss arising as a consequence of such registration.

Certain amounts herein are expressed in Malaysian ringgit, also referred to as "M$". As at 31st December, 1984, £1 = M$2.8254. At 10.00 a.m. on 15th April, 1985, the middle rate between the buying and selling spot delivery rates for Malaysian ringgit quoted on the London foreign exchange market was £1 = M$3.1050.

Documents for Inspection

Copies of the following documents will be available for inspection at the offices of Slaughter and May, 35 Basinghall Street, London EC2V 5DB during normal business hours until Thursday, 9th May, 1985:—

(i) the Underwriting Agreement and Purchase Agency Agreement referred to above;
(ii) a draft, subject to modification, of the Deed Poll referred to above, which includes as exhibits thereto the forms of stock certificate and bearer bond;
(iii) a draft, subject to modification, of the Registrar's, Paying and Exchange Agency Agreement;
(iv) the External Loans Act, 1963 (as amended) of Malaysia;
(v) the above mentioned order of the Minister of Finance; and
(vi) extracts from the *Journal of the Institute of Actuaries* Vol. 105, Part 1, 1978.

Receiving Bank

Lloyds Bank Plc
Registrar's Department
Issue Section
P.O. Box 1,000
61 Moorgate
London EC2R 6BL

Registrar and Transfer Office	Principal Paying Agent and Exchange Agent
Lloyds Bank Plc Registrar's Department Goring-by-Sea Worthing West Sussex BN12 6DA	Lloyds Bank Plc Registrar's Department Issue Section / Goring-by-Sea P.O. Box 1,000 / Worthing 61 Moorgate / West Sussex London EC2R 6BL / BN12 6DA

Paying Agents

Kredietbank S.A. Luxembourgeoise 43 Boulevard Royal P.O. Box 1108 Luxembourg	Morgan Guaranty Trust Company of New York 35 Avenue des Arts B-1040 Brussels Belgium

Legal Advisers to the Underwriters

Slaughter and May 35 Basinghall Street London EC2V 5DB	Rashid & Lee Bangunan Bank Utama 56 Jalan Tuanku Abdul Rahman Kuala Lumpur

Brokers

Rowe & Pitman 1 Finsbury Avenue London EC2M 2PA and The Stock Exchange in London	W. Greenwell & Co. Bow Bells House Bread Street London EC4M 9RL and The Stock Exchange in London

APPLICATION FORM

The application list will open at 10.00 a.m. on Thursday, 25th April, 1985 and will close later on the same day.
This form must be lodged with Lloyds Bank Plc, Registrar's Department, Issue Section, P.O. Box 1,000, 61 Moorgate, London EC2R 6BL.

MALAYSIA

Issue on a yield basis of £75,000,000 Loan Stock 2009

Payable as follows: On application, £30 per cent. By 6th September, 1985, the balance of the issue price.

To: S. G. Warburg & Co. Ltd., on behalf of Malaysia

In accordance with the terms of the Prospectus dated 23rd April, 1985, I/we apply as below. I/We irrevocably undertake to accept the amount of Stock applied for or any smaller amount that may be allotted in respect of this application and to pay for the same in conformity with the terms of the said Prospectus.

Nominal amount of the Stock applied for	Amount enclosed at £30 per cent. of the nominal amount applied for
£ .00	£ .00

Application must be for a minimum of £100 nominal amount of Stock and thereafter for multiples of Stock as follows:—

Amount of Stock applied for	*Multiple*	*Amount of Stock applied for*	*Multiple*
£100 to £1,000	£ 100	£10,000 to £100,000	£10,000
£1,000 to £10,000	£1,000	£100,000 or greater	£50,000

I/We enclose a cheque* in the amount set out to the right hand box above.

In consideration of Malaysia agreeing to allot the Stock on and subject to the terms and conditions of the Prospectus and of the Underwriting Agreement referred to therein, I/we agree that this application shall be irrevocable until Thursday, 2nd May, 1985 and that this sentence shall constitute a collateral contract between Malaysia and me/us which shall become binding upon the despatch by mail or the delivery of this application form duly completed to Lloyds Bank Plc. I/We understand that the completion and delivery of this application form accompanied by my/our cheque constitutes a representation that the same will be honoured on first presentation. I/We hereby engage to pay the balance payable on the Stock by 6th September, 1985 in accordance with the terms as to payments set out in the Prospectus on any allotment made to me/us in respect of this application and I/we understand that failure to pay such balance by the due date will render the amount previously paid liable to forfeiture and the allotment liable to cancellation and that interest at the rate of two per cent. per annum above the Base Rate for the time being of Lloyds Bank Plc may be charged on such balance if accepted after its due date and that Malaysia may, without prejudice to any other rights, in default of payment sell the Stock fully paid for its own account. I/We acknowledge that any letter of allotment is liable to be held pending clearance of such payment.

I/We hereby request that my Stock allotted to me/us be evidenced by an allotment letter addressed to me/us and be sent by first class post at my/our risk to me/us at the first address shown below (unless the alternative method of payment is being used and Box A is ticked).

**A separate cheque must accompany each application form unless the alternative method of payment (see below) is elected. Cheques should be made payable to Lloyds Bank Plc and crossed "Malaysia Loan" and drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.*

Please pin cheque here

Please use BLOCK LETTERS

Date: .... *April, 1985*

(1) Usual signature: ....
In the case of a corporation, the common seal must be affixed on this form signed by a duly authorised officer who must state his capacity.

Forenames: ....
Surname: ....
(also state designation: Mr., Mrs., Miss or title)
Address in full: ....

Joint Applicants (if any):
In the case of joint applicants all must sign.

(2) Usual signature: ....
Forenames: ....
Surname: ....
(also state designation: Mr., Mrs., Miss or title)
Address in full: ....

(3) Usual signature: ....
Forenames: ....
Surname: ....
(also state designation: Mr., Mrs., Miss or title)
Address in full: ....

(4) Usual signature: ....
Forenames: ....
Surname: ....
(also state designation: Mr., Mrs., Miss or title)
Address in full: ....

FOR OFFICE USE ONLY

1. Acceptance number
2. Amount of Stock accepted £
3. Amount received on application £
4. Amount payable on Stock accepted £
5. Amount returned £
6. Balance payable £
7. A.L. number
8. Cheque number

ALTERNATIVE METHOD OF PAYMENT.

(This method of payment is available only to recognised banks or stockbrokers as described in the Prospectus.)

We hereby engage to pay Lloyds Bank Plc at Registrar's Department, Issue Section, P.O. Box 1,000, 61 Moorgate, London EC2R 6BL for credit to the account designated "Malaysia Loan – Alternative Payment" by 10.00 a.m. on Wednesday, 1st May, 1985 in Town Clearing Funds or, if applicable, to pay in accordance with the third paragraph of "Terms of Payment in respect of Applications" in the Prospectus the amount representing payment at the rate of £30 per cent. for the Stock allotted to the person(s) named above in respect of this application. In consideration of Malaysia agreeing to allot the Stock as mentioned above, we agree that this engagement shall be irrevocable until Thursday, 2nd May, 1985 and that this sentence shall constitute a collateral contract between Malaysia and us which shall become binding upon despatch or delivery of this application form to Lloyds Bank Plc.

Please tick here if you wish to collect your renounceable letter of allotment from Lloyds Bank Plc, Registrar's Department, Issue Section, 61 Moorgate, London EC2R 6BL ☐ Box A

Name of recognised bank or stockbroker: ....

Address in full: ....

Authorised signatory: ....
In the case of a corporation, the common seal must be affixed on this form signed by a duly authorised officer who must state his capacity.

Stamp of bank or broker claiming brokerage (if any)	A. L. number	Stock allotted

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Starting again

Life begins at fifty

Neville Hurst reports on his experiences after being made redundant

I WAS made redundant two years ago after working in large companies for 25 years. I started my business career on the main site of a multinational corporation where 10,000 people were employed and subsequently worked for other large companies in the chemical, engineering and construction materials industries.

Through my work as an organisation and methods officer, in manufacturing and marketing services, and as a general works manager, I personally experienced the opportunities and complications of working in large organisations. Then after a series of mergers, shake-outs and closures I was put out to grass at the age of 50.

Having foreseen what was likely to happen I had already considered other possibilities. Plan A was to try going it alone as a management consultant with some part-time lecturing and writing, and if that did not work out Plan B was to set up my own business in some area related to growing opportunities in the tourist industries.

In pursuit of Plan A I visited two potential clients. The first was an ex-colleague who now owned a small metal-finishing business. He was looking for a product he could manufacture and market on his own account, thus filling his spare capacity and making him less dependent upon the vagaries of sub-contract work.

The second was the managing director of a road haulage company who had two large warehouses lying empty at that moment.

Within two weeks I had visited them both again. I left my ex-colleague with the details of a Continental domestic product which I thought had good market prospects if it could be manufactured and sold at a price lower than current imports, and I gave the haulier a development plan to promote the warehousing and distribution side of his business.

On my follow-up visits the metal finisher decided that as there was a substantial non-metallic part in the product I recommended he didn't think it was suitable for him. But the haulier was keen on my proposals for the use of his warehouses. So keen in fact, that he asked me to join his staff on a full-time basis to set up and run a new warehousing and distribution service.

"What did I tell you—who needs a company car?"

So there I was ready to set up a new small business without any problems of finance or finding premises. My resources consisted of myself, an office, a telephone, a portable typewriter and two large empty warehouses. This was in a depressed area where there were already dozens of empty warehouses and existing storage companies were going out of business.

Full of hope but with some trepidation I proceeded to implement the marketing section of the business development plan. Working from reference books in the local public library I prepared a mailing list and sent out publicity letters to all prospects within a radius of about 30 miles and in other selected areas of the country.

I also issued a press release which received good mentions in local and trade papers; I was interviewed for local radio and I made personal visits to all major companies in the area.

But new business was not quickly forthcoming. Not for three months anyway. Then I got the first new contract after chasing a press lead mentioning a new company being formed to market D-I-Y materials. Soon after this there was an inquiry for the storage of 200 tonnes of material, first delivery 7 am the following day, which was Saturday.

I accepted and got on with organising forklift trucks and drivers. After that there was a steady growth of inquiries and new business, and after about 12 months the warehouses were filled and regular work was provided for six people.

Looking back after two years of operation three main success factors can be recognised which are relevant to all new businesses. First and foremost was giving good customer service. This includes quick response to customer inquiries and willingness to do difficult jobs at short notice and at awkward times.

Successfully coping with rush jobs and ancillary work such as palletising and labelling helped to build up customer confidence and we soon had our customers recommending our services to their customers and suppliers.

The second factor leading to growth, especially in the early stages, was keen pricing based on strict cost control. This is much easier to achieve in a small company where there is no built-in overhead structure, and one person, in close touch with all activities, decides what is to be spent. The ancillary work already mentioned was a boost to income and profit, as, by proper organisation of labour, it usually seemed possible to undercut large company wage plus overhead rates and still make a satisfactory return.

The third important factor in getting the new business off the ground was ensuring that all potential customers were aware of the services available. This was initially done by direct mail, limited advertising, editorial mentions and personal visits, altogether only costing a few hundred pounds, and is to be followed up by periodic mailings and visits.

There are other factors to mention mainly enthusiasm and hard work. Any person wanting to get a new business venture going must be willing to work all the hours necessary to get the job done; he or she must be ready to learn new skills, in my case forklift truck driving, typing and later computer processing. And he or she must be able to tackle any of the varied tasks necessary to run a small business from labouring to costing, marketing and negotiation.

After working in large companies for many years managing a small company is a refreshing experience. In a large company there are too many restraints even for senior managers in semi-autonomous positions.

As general works manager in a large manufacturing company my freedom of action was limited by directors and functional managers from head office who lacked detailed knowledge of the situation and required the completion of voluminous returns, reports and requisitions before money could be spent or major changes made.

In setting up and running a a small business there were no such problems. I just decided what to do and got on with it. I did not need accountants, work study engineers, a marketing department, purchasing or personnel officers. I did it all myself and enjoyed doing it.

Further mergers, amalgamations and closures are going to occur in British industry and many more middle-aged managers will be shaken out. If they are keen there is a chance for them to make it a new lease of life for themselves and for others who are out of work. Speaking from personal experience I know that although there may not be as much apparent prestige or power working in a small company compared with a large one, there can be more personal satisfaction and higher rewards.

More rhetoric than resources

William Dawkins on a report into missed opportunities for entrepreneurialism

THE British Government attaches a growing political importance to being seen to be assisting small businesses, yet the resources actually available seem sadly inadequate.

That is the main conclusion of a recently published study, Entrepreneurship within Small Firms*, commissioned by Work & Society, a research body sponsored by the Joseph Rowntree Memorial Trust. Coming in the wake of the Department of Trade and Industry's report on the way government red tape is inhibiting the growth of small businesses, it provides a refreshingly alternative view of small companies' problems.

"The size of the opportunity for encouraging entrepreneurship has been completely overlooked and, by the same token, the extent of its neglect is still not understood," claims Hugh Armstrong, a venture capital adviser and author of the report.

The help which Whitehall can offer small firms looks paltry compared with that available in Japan or the U.S., which both have specialised government departments devoted to the sector, says the report. The nearest UK equivalent is the Department of Trade and Industry's small firms' division, which at the beginning of last year employed just 44 civil servants to cater for the needs of 1.5m small companies employing more than 6m people and producing an estimated 20 per cent of gross national product (GNP), says Armstrong.

Britain's 430,000 farmers, by contrast, receive the attentions of 12,000 civil servants in the Ministry of Agriculture, Fisheries and Food—yet they produce a mere 2.5 per cent of GNP.

The financial cake is even less fairly divided, argues Armstrong. He estimates that small firms received subsidies and tax reliefs amounting to £60m in the 1984 Budget—equivalent to £10 per employee—while the railway, steel and mining industries combined received £3bn, or an estimated £3,000 per person employed in those areas.

This could be a side effect of the fact that there is no Cabinet Minister with sole responsibility for small businesses, hints Armstrong. David Trippier, the minister with special responsibility for small firms, does not have a cabinet post, even if he does have the strong personal support of the Prime Minister.

The roots of the sector's comparative lack of political influence appear to run deep. Large companies, which naturally have the greatest political influence, have often survived by maximising their returns from static or declining situations through the introduction of efficiency and productivity measures rather than by cultivating adventurous entrepreneurial skills, Armstrong maintains.

Armstrong conducted a survey by questionnaire of 800 small businesses, of which 10 per cent said that their interests would be best encouraged by the appointment of a Cabinet Minister with specific responsibilities for their affairs. A further 52 per cent said their most pressing need was cheaper finance; another issue which lies directly within the Government's scope.

The survey also throws up some revealing points about the character of Britain's entrepreneurs. A statistical analysis of their replies showed that young proprietors in the 26 to 30 age range were five times more likely to be in the top quarter of the firms surveyed by number of employees than in the lower quartile, giving weight to the belief that youth and growth go together in the business world. Firms employing up to 500 people were questioned in the study.

Female entrepreneurs showed up well in the survey. They are seven and a half times more likely to be in the upper quartile than the lower by number of employees, the report indicates. But to put those figures into perspective, only 11 per cent of the respondents were aged between 20 and 30, and just 8 per cent were women.

Redundancy comes out as a surprisingly unimportant reason for starting up in business. Only 23 per cent of the respondents gave redundancy as a reason for starting out on their own, while 42 per cent said they became small businessmen simply because it was "in the blood."

**Entrepreneurship within Small Firms — Causes, Effects and Opportunities, available from The Institute of Manpower Studies, Mantell Building, University of Sussex, Falmer, Brighton, BN1 9RF, £4.50 plus 75p post and packaging.*

In brief . . .

TRENT Small Business Club will be holding its annual exhibition tomorrow and on Thursday at the Commodore International hotel, Nuthall Road, Nottingham. The event, entitled "Show Business," will be open from noon until 9 pm on each of those days. Details from the club on 0602 585 328.

●

GRANVILLE and Company, the London-based licensed securities dealer, has raised £1.25m to set up what it believes will be the UK's first franchise fund.

Franchise Investors will support companies needing equity and management expertise to develop franchising operations. Its managing director is Dick Crook, formerly managing director of the U.S. franchising group, Budget Rent-a-car International.

The group intends to buy interests in North American licenses to develop franchises in Europe, to identify UK businesses suitable to become franchisors, and to invest in existing franchise companies.

Investors in the fund—which plans to raise more equity in due course—include Causeway Development Capital, PosTel Investment Management, and Legal and General Assurance.

●

THE London Enterprise Agency (LEntA) is to hold a series of four mid-week early evening courses starting on May 2 which will offer an introduction to people who want to start their own business.

The sessions cost £20 and aim to provide an insight into skills like raising finance, tax, the law and marketing. LEntA is also running a two-day course starting this Thursday called "Using Business Plans," which is designed to help small business advisers assess applications for assistance from local firms.

Details can be obtained from Jane West at LEntA on 01-236 2675.

●

NEXT month will be a busy period for small business conference delegates.

The European Venture Capital Association will be holding a two-day symposium starting on May 9, entitled The Changing Face of Venture Capital in Europe. Speakers at the conference, which will be held in Amsterdam's Internationaal Congrescentrum, include Norman Fast, president of the U.S. research consultancy, Venture Economics, Neil Cross, director of 3i in London, and Baron van Ittersum, president of the Amsterdam Stock Exchange.

The conference costs Fl 654.50 (£150) for members of the association, and Fl 952 for non-members. Details from EVCA, Clos du Parnasse 11F, B-1040 Brussels, Belgium.

Back in the UK, the Into Business Project, a Liverpool-based agency sponsored by BAT Industries to provide training for 16 to 25 year-olds attempting to set up their own businesses, is to hold a one-day seminar on young people and self-employment on May 16.

The seminar costs £40 plus VAT and will be held in the Adelphi Hotel, Liverpool. Among the subjects for discussion will be the results of a survey conducted by the project of 390 young people, of which 30 per cent said they had thought about becoming self-employed, but less than 4 per cent had seen that option presented to them during their formal education.

Details from Jim Duffy, Project Co-ordinator, Into Business Project, South West Brunswick Dock, Toxteth, Liverpool.

The Small Business Bureau, the Conservative party lobby group, will hold its national conference on May 22 at Lakeside Country Club, Frimley Green, Surrey. Speakers will include Nigel Lawson, the Chancellor, David Trippier, the small firms minister, and James Sanders, administrator of the U.S. Small Business Administration.

Tickets cost £25 for non-bureau members and £20 for members, and can be obtained from Irene Jefferey, SBB, 32 Smith Square, London SW1.

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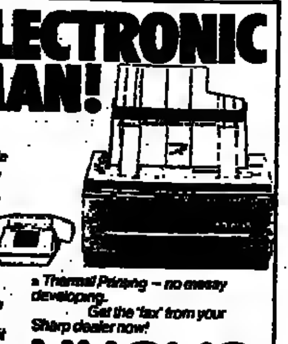

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FT LAW REPORT

Time-bar effective despite mistake as to extension

THE AUGUST LEONHARDT

Court of Appeal (Lord Justice Oliver, Lord Justice Kerr and Lord Justice Lloyd): March 21 1985

WHERE THE time for bringing a claim is allowed to expire because both parties independently and mistakenly assume it has been extended, the defendant, if he did not contribute to the other's mistake, is not precluded by the doctrine of "estoppel by convention" from asserting that the claim is time-barred.

The Court of Appeal so held when allowing an appeal by Lokte Shipping Co PTE Ltd, defendant owners of the August Leonhardt, from Mr Justice Bingham's decision on a preliminary issue, that the plaintiff cargo-owners, K. Lokumal and Sons (London) Ltd, were not time-barred from pursuing their claim for loss of cargo.

* * *

LORD JUSTICE KERR, giving the judgment of the court, said that the owners of a cargo of sugar claimed under a bill of lading which incorporated the Hague Rules.

Under Article III rule 6 of the Rules, the carrier and ship were discharged from liability for loss or damage to cargo unless suit was brought within one year from delivery or from when the goods should have been delivered. The bill of lading provided that the contract was to be between the shipowners and cargo-owners and that only the shipowners were to be liable for any loss or damage.

On January 26 1981 the vessel arrived in Port Harcourt. The cargo-owners alleged that 915 bags of sugar were wet and damaged and were thrown overboard. They claimed about $60,000.

The shipowners and charterers were both entered in the West of England Protection and Indemnity Association ("the Club"). It was the Club's invariable practice to treat shipowners and charterers entirely independently. The cargo-owners' solicitor directed the claim exclusively against the shipowners. The club handled the matter on behalf of the shipowners.

In August 1981 the solicitors put forward a fully itemised claim with supporting documents. Thereafter, they repeatedly pressed the Club to deal with the claim. Its replies throughout were to the effect that it was still inquiring into it.

That was the position in December 1981 when the question of the time limit began to arise. The relevant expiry date was January 26, 1982. On December 18 the Club sent a telex to the solicitors stating that the shipowners were prepared to extend time for three months "provided charterers agree likewise."

It was the Club's standard practice, when dealing with a cargo claim against owners of a chartered vessel, not to grant an extension unless the time limit for any possible claim against the charterers was correspondingly extended. The bare words "and provided charterers agree likewise," left it wholly open as to who, if anyone, was going to approach the charterers to seek their agreement to a corresponding extension of time.

It never crossed the Club's mind that the words might give the impression it was going to approach the charterers. The solicitors on the other hand, assumed that the Club would obtain any extension needed.

No-one approached the charterers for their agreement.

On January 12 1982 the solicitors replied to the Club's telex: "We note your member's agreement to an extension . . . we now await your response to our client's claim."

On reading that, and without giving the matter any deep thought, the Club assumed that the solicitors had obtained the charterers' agreement to the extension. It did not appreciate what had happened until after expiry of the Hague Rules time limit.

The solicitors did not view the claim as time-barred. They issued and served a writ. The defence of time-bar and a reply of estoppel were ordered to be tried as preliminary issues.

Mr Justice Bingham rightly rejected the cargo-owners' submission that the Club had impliedly undertaken to approach the charterers for their consent. There was no such implied duty. The shipowners simply granted an extension of time subject to a condition. If that were procured the extension took effect, and nothing further was to be implied.

Mr Tugendhat, for the cargo-owners, also submitted that the Club's failure to react to the letter on January 12 created an estoppel by silence or acquiescence. He argued that the letter called for a reply.

The judge rejected that submission on the evidence. His conclusions were in no way open to criticism. It was simply a case of a most unfortunate but genuine misunderstanding. On that basis there was no scope for estoppel by silence or acquiescence.

Nevertheless, the judge decided in favour of the cargo-owners on the basis of "estoppel by convention" and a "general equitable estoppel." It was against those conclusions that the shipowners appealed.

A statement of the principle of estoppel by convention in *Spencer Bower and Turner on Estoppel by Representation 3rd ed, page 157* was cited with approval in *Amalgamated Investment and Property Co Ltd* [1982] *1 QB 84, 126,130*: ". . . When the parties have acted in their transaction on the agreed assumption that a given state of facts is to be accepted between them as true, then . . . each will be estopped from questioning the truth of the statement of facts so assumed."

The question was whether, after the Club's receipt of the solicitors' letter of January 12, both parties "have acted" on the agreed assumption that a given state of facts was to be accepted between them as true.

Mr Justice Bingham accepted that an estoppel by convention had been made out because "the inaction of both parties . . . was attributable to a common mistaken assumption that the charterers' agreement had been obtained."

The court did not agree. The word "inaction" was in contrast to the citation in *Spencer Bower*. Although there was a misunderstanding which put the Club and the Solicitors at cross-purposes and they both assumed that the charterers' agreement had been obtained, nothing thereafter crossed the line between them.

Understandably the solicitors relied on their assumption by issuing the writ, but they did not do so in reliance on anything said or done by the Club.

All estoppels must involve some statement or conduct by the party alleged to be estopped, on which the alleged representee was entitled to rely, and did rely.

In that sense, all estoppels might be regarded as requiring some manifest representation which crossed the line between representor and representee, either by statement or conduct.

Similarly, in estoppels by convention, there must be some mutually manifest conduct by the parties, based on a common but m i s t a k e n assumption. The alleged representor's participation in the conduct could then be relied on by the representee as a basis for that form of estoppel.

*

In the present case there was nothing in the Club's conduct, after the letter of January 12, which passed across the line to enable the cargo-owners to contend that both the solicitors and Club thereafter proceeded on a common assumption.

Each acted—or failed to act—independently from the other on the basis of a mutual mistake which remained uncommunicative between them.

The applicability of estoppel in any given case could be tested another way. There could be no estoppel unless the alleged representor had said or done something, or failed to do something, with the result that—across the line between the parties—his action or inaction had produced some belief or expectation in the mind of the alleged representee, so that depending on the circumstances, it would no longer be right to allow the representor to resile by challenging the belief or expectation which he had engendered.

To that extent at least the alleged representor must be open to criticism.

The Club's silence and failure to react to the letter of January 12 were not open to any criticism. It neither said nor did anything from which it could be implied that it was acting on the common assumption that the charterers had given their consent to extension of time.

The position would have been crucially different if, after the letter of January 12 the Club had in some way manifested to the solicitor its acceptance that the extension was in force and if the solicitor had relied on it.

But there had been nothing of the kind. It was simply a case of an unfortunate misunderstanding which was unknown to both parties and which caused each of them, independently from the other, to take no further action in regard to the time limit until after it had expired.

There was no estoppel and no "general equitable estoppel," assuming that such a concept existed.

The court felt bound to allow the appeal, with regret.

For the cargo-owners: Michael Tugendhat (Constant & Constant).

For the shipowners: Anthony Colman QC and Michael Collins (Holman Fenwick & Willan).

By Rachel Davies
Barrister

Tight margin on Malaysian bulldog bond, Page 40

WALL STREET

Consensus that Fed will relax

ANALYSTS on Wall Street returned from the weekend united in the belief that if the Federal Reserve has not yet begun to ease its credit policies, then it very soon will, *writes Terry Byland in New York.*

Credit market analysts weighed the chances for an early cut in the federal discount rate and Dr Henry Kaufman, chief economist at Salomon Bros, headed the list of those predicting reductions in the banks' prime lending rates.

The session opened with further gains in bond prices, spurred on by a federal funds rate at only 7½ per cent. The swift drop in federal funds is seen by some analysts as a prime indication that the Fed wants to see rates lower, and Treasury bill rates fell by a further 12 basis points or so yesterday.

At mid-session the Fed signalled that short-term rates were falling faster than it liked by announcing – with funds standing at 7½ per cent – overnight matched sale-purchase agreements, to drain liquidity. However, federal funds dipped further, to 7¼ per cent.

Bonds moved erratically, taking their cue from the dollar. By mid-session, when the dollar was shading from early firmness and thus signalling expectations of lower U.S. interest rates, bond prices edged ahead ¼ point.

In the stock market, the expectation of lower interest rates was not enough to counter-balance the flow of disappointing corporate results on first-quarter trading. The major oil companies, headed by Exxon, leader of the world industry, reported dreary progress, following on the heels of the high technology sector which upset Wall Street last week.

By 2pm, the Dow Jones Industrial average was down 2.87 at 1,263.69. Turnover was moderate.

Exxon dipped $⅝ to $53½ on the first-quarter figures. Other oil stocks looked dull after predictions that oil industry profits would be 15 per cent or so down. At $61½, Standard Indiana lost $½, also on lacklustre profits.

Airlines continued to weaken, but attention was focus ed on the implications of the deal between United and Pan American. United gained $⅝ to $42½ on the plan to buy Pan Am's Pacific divisions, which represents a major shift of direction for both airlines. Pan Am at $5⅝ gained $¼.

Technology stocks again suffered from the flow of poor trading news. This time, it was the turn of Wang Laboratories which tumbled $2½ to $16 after announcing a 66 per cent drop in quarterly profits. Digital Equipment fell $4¼ to $99¾ and Data General $2⅛ to $40¾, both ahead of reports due this week.

Among the mainframe manufacturers, IBM fell $⅜ to $126¾, Honeywell $⅞ to $56⅝, and Burroughs $⅝ to $59¾.

Motor stocks remained dull after last week's shakeout, ahead of the results. At $70¼, General Motors lost $¼. American Motors was unchanged at $3¼ in the wake of the heavy cost cutting plans.

Monsanto held unchanged at $44 after reporting disappointing results. Other chemical stocks looked dull. Union Carbide at $38¼ shed $½.

Other leading corporate reporters included Hughes Tool, major supplier to the oil industry, $⅛ firmer at $14¾ on better earnings, SmithKline Beckman, the drug group, $⅜ up at $63, and Transworld $⅝ down at $32⅝. A substantial profit recovery boosted Singer $1½ to $37¼. But among the aerospace groups, McDonnell Douglas eased $⅞ to $77, despite its forecast of higher profits.

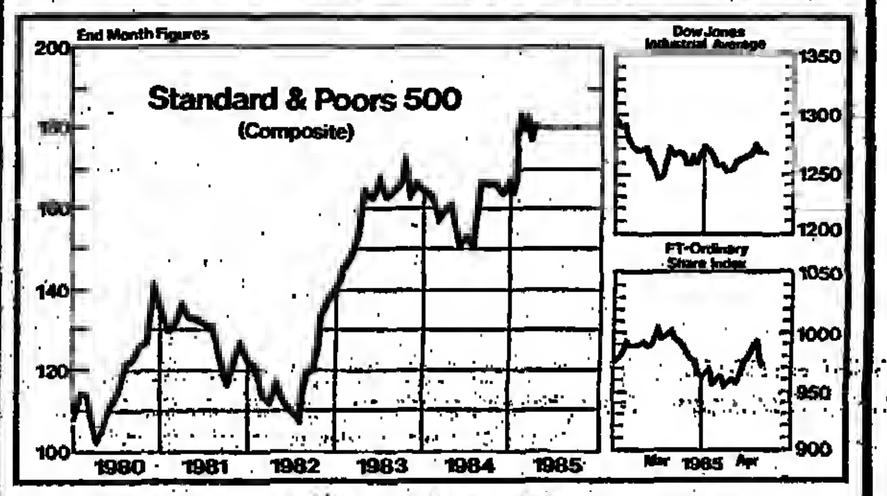
The takeover sector again attracted attention. CBS rebounded by $3¾ to $110⅝ after several market suggestions that the Turner bid might at least bring rival offers for CBS – some valued the broadcasting group at around $200 a share.

Stock in Unocal edged up $⅝ to $48⅛ as Mr T Boone Pickens sat down to persuade important holders to support his bid. Uniroyal, also looking for a white knight, but less convincingly, shed $¾ to $19½.

Crown Zellerbach, ordered to postpone its annual meeting as Sir James Goldsmith revealed that he bas lined up some of the financing for his hid for control of the forest products group, remained unchanged at $41¾.

Sharp falls in Treasury bill rates indicated the market's conviction that the Fed may be acting to bring rates down in order to rejuvenate a flagging economy. Last week's banking statistics, published by the Federal Reserve, suggested that the Fed may have already commenced easing policies.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	April 22	Previous	Year ago
DJ Industrials	1,263.69*	1,266.56	1,158.08
DJ Transport	581.27*	584.92	500.82
DJ Utilities	154.65*	155.21	126.69
S&P Composite	180.36*	181.11	158.02
LONDON			
FT Ord	971.6	978.8	876.2
FT-SE 100	1,294.9	1,299.7	1,108.4
FT-A All-share	624.23	625.47	523.65
FT-A 500	685.61	687.29	569.18
FT Gold mines	512.8	512.2	686.1
FT-A Long gilt	10.47	10.48	10.36
TOKYO			
Nikkei-Dow	12,179.92	12,232.07	10,803.9
Tokyo SE	952.81	955.98	843.74
AUSTRALIA			
All Ord.	848.4	848.9	759.3
Metals & Mins.	550.2	552.0	540.7
AUSTRIA			
Credit Aktien	78.84	77.42	54.96
BELGIUM			
Belgian SE	2,224.23	2,215.09	–
CANADA			
Toronto			
Metals & Minls	2,028.4*	2,029.49	2,176.0
Composite	2,634.2*	2,636.5	2,327.0
Montreal			
Portfolio	130.06*	130.09	112.92
DENMARK			
Copenhagen SE	191.12	190.13	192.67
FRANCE			
CAC Gen	213.3	214.8	173.0
Ind. Tendance	115.4	117.5	90.7
WEST GERMANY			
FAZ-Aktien	424.67	422.14	359.58
Commerzbank	1,230.1	1,223.0	1,022.7
HONG KONG			
Hang Seng	1,487.40	1,474.21	1,115.85
ITALY			
Banca Comm.	276.44	275.89	216.39
NETHERLANDS			
ANP-CBS Gen	207.2	205.9	159.0
ANP-CBS Ind	166.3	165.4	126.9
NORWAY			
Oslo SE	313.51	311.41	261.47
SINGAPORE			
Straits Times	787.99	796.95	992.41
SOUTH AFRICA			
Golds	n/a	1,108.2	1,033.7
Industrials	n/a	896.4	1,058.8
SPAIN			
Madrid SE	110.15	109.92	82.11
SWEDEN			
J & P	1,430.71	1,433.65	1,527.50
SWITZERLAND			
Swiss Bank Ind	419.2	420.5	372.3
WORLD	Apr 19	Prev	Year ago
Capital Int'l	204.2	203.7	187.7

GOLD (per ounce)

	Apr 22	Prev
London	$328.50	$327.25
Zürich	$328.50	$327.50
Paris (fixing)	$328.20	$328.94
Luxembourg	$327.60	$327.00
New York (June)	$330.90*	$331.30

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Apr 22	Previous	Apr 22	Previous
$	–	–	1.2775	1.294
DM	3.011	2.973	3.8475	3.845
Yen	248.55	247.1	317.50	319.75
FFr	9.195	9.08	11.77	11.7575
SwFr	2.4935	2.4705	3.185	3.195
Guilder	3.41	3.365	4.3575	4.355
Lira	1,919.0	1,905.5	2,455.0	2,465.0
BFr	60.55	60.1	77.6	77.75
C$	1.348	1.35075	1.729	1.7475

INTEREST RATES

	Apr 22	Prev
Euro-currencies (3-month offered rate)		
£	12 7/16	12 9/16
SwFr	5 5/16	5¼
DM	5 15/16	5¾
FFr	10 11/16	10 11/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	n/a	8 13/16
6-month U.S.$	n/a	8 9/16
U.S. Fed Funds	7½*	7⅝
U.S. 3-month CDs	6.20*	8.15
U.S. 3-month T-bills	7.64*	7.76

U.S BONDS

	Apr 22* Price	Apr 22* Yield	Prev Price	Prev Yield
Treasury				
10⅜ 1987	101 27/32	9.671	101 28/32	9.75
11⅜ 1992	103 19/32	10.993	103 11/32	11.05
11⅝ 1995	100 27/32	11.101	100 21/32	11.13
11¼ 2015	100 ⅜/32	11.217	98 30/32	11.25
Corporate	Price	Yield	Price	Yield
AT & T				
10⅜ June 1990	96⅝	11.30	96⅝	11.30
3⅞ July 1990	75	10.18	75	10.18
8¾ May 2000	77⅞	11.95	77⅞	11.95
Xerox				
10⅞ March 1993	94⅞	11.85	94⅞	11.65
Diamond Shamrock				
10⅜ May 1993	93⅜	11.85	93⅜	11.85
Federated Dept Stores				
10⅜ May 2013	88.253	12.10	88.253	12.10
Abbot Lab				
11.80 Feb 2013	97.186	12.15	97.186	12.15
Alcoa				
12¼ Dec 2012	86.911	12.65	96.911	12.65

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	72–03	72–08	71–27	72–01
U.S. Treasury Bills (IMM) $1m points of 100%				
June	92.19	92.21	92.13	92.11
Certificates of Deposit (IMM) $1m points of 100%				
June	91.58	91.60	91.52	91.46
LONDON				
Three-month Eurodollar $1m points of 100%				
June	91.19	91.23	91.09	91.21
20-year Notional Gilt £50,000 32nds of 100%				
June	107–15	107–20	107–13	107–18

COMMODITIES

(London)	Apr 22	Prev
Silver (spot fixing)	499.90p	495.45p
Copper (cash)	£1,186.00	£1,169.00
Coffee (May)	£2,047.00	£1,987.50
Oil (spot Arabian light)	$27.60	$27.65

LONDON

Indecision on rates resurfaces

INDECISION over the future course of international interest rates continued tc surface in London yesterday as investors attempted to focus buying power on sitiation stocks and issues highlighted in the investment press.

The FT ordinary index, which opened slightly off, closed a 7.2 down at the day's lowest of 971.6.

Wall Street's concern over U.S. economic trends, which resulted in a dull Friday performance, also dampened equity interest.

Despite a curtailing of volume in government securities, a firm undertone was displayed.

Chief price changes, Page 32; Details, Page 33; Share information service, Pages 33–34.

SINGAPORE

CONCERN over the election in the state of Sabah unsettled Singapore and drove the Straits Times industrial average index 6.96 lower to 767.99.

Promet, which staged strong gains on Friday, slumped 9 cents to S$1.45, while Pan-Electric dropped 11 cents to S$2.55.

In the industrial sector, Singapore Press retreated 15 cents to S$6.15 and UMW fell 12 cents to S$1.02. Straits Trading moved against the trend with a 10-cent advance to S$4.40 after a one-for-four scrip issue.

AUSTRALIA

LATE BUYING in Sydney failed to reverse an easier trend with the All-Ordinaries index 0.5 off at 848.4.

Wormald International featured with a 3-cent gain to A$3.58 in light trading after Adelaide Steamship said it held almost 20 per cent of the issue capital.

John Fairfax was actively traded after the media group won a controversial parcel of shares that was put on the market earlier this month. The 10.2m shares were relisted and Fairfax bought them at A$10.20 each.

HONG KONG

EARLY LOSSES were recouped in Hong Kong when revived speculation that Jardine Matheson may be the subject of a takeover boosted sentiment and took the Hang Seng index 13.19 higher to 1,487.40.

Jardine firmed HK$1 to HK$12.30, while associate Hongkong Land picked up 10 cents to HK$5.80.

Elsewhere, Cheung Kong rose 20 cents to HK$15.70.

SOUTH AFRICA

MODEST MOVEMENTS among gold shares were the main feature of a lacklustre Johannesburg.

Free State Geduld dipped 50 cents to R56.50, Driefontein shed 25 cents to R54.50, while Buffels was steady at R89. Other miners were mixed, with leading diamond group De Beers 5 cents higher at R10.25 and Rustenburg Platinum unchanged at R17.50.

CANADA

AN EASIER trend developed in Toronto following the early setback on Wall Street.

Among the actively traded issues, Northern Telecom dipped C$¼ to C$47⅞ after a surge in first-quarter profit. Yellowknife Resources, which lost C$7¼ on Friday after Silverton Resources withdrew its C$15 a share bid for the group, fell a further C$⅝ to C$5⅝.

TOKYO

Purchases fail to stem slide

WITH NO sign of consolidation after the sharp declines of last week, prices again dropped in Tokyo yesterday in the thinnest trading recorded this year, *writes Shigeo Nishiwaki of Jiji Press.*

Incentive-backed issues – those of companies thought to have strong business prospects – were bought, but biotechnologies continued to slide. The Nikkei-Dow market average, which had seesawed since its record daily plunge last Tuesday, shed 52.15 to 12,179.92. Volume totalled a meagre 231m shares, compared to Friday's 405m.

As the extremely thin trading indicated, most investors remained on the sidelines waiting to see where prices would regain their stability. The dealing divisions of some leading securities houses purchased massively to stem the decline, but to no avail.

Incentive-backed issues and non-ferrous metals were the only gainers. Nissan Chemical topped the active list with 14.71m shares changing hands on speculator interest triggered by rumours of a business tie-up with Dow Chemical of the U.S. It advanced Y12 to Y454.

Unitika gained Y7 at one stage on its reported development of a new amorphous metal. But it later came under selling pressure, finishing at Y266, down Y3. Minolta rose Y15 to Y795 and Nippon Kogaku Y20 to Y1,400, reflecting renewed demand for single-lens reflex cameras.

Dowa Mining added Y10 to Y765 on the day's third heaviest trading of 10.06m shares. Mitsui Mining and Smelting and Sumitomo Metal Mining advanced Y16 to Y586 and Y10 to Y1,760 respectively.

Investors also bought some constructions, apparently in expectation of possible government measures to stimulate domestic demand. Mitsui Construction went up Y17 to Y335 and Sato Kogyo closed Y7 up at Y238.

However, those gains were offset by continued declines among biotechnologies, which had been leading the market since last autumn. Green Cross plunged Y100 to Y2,850 and Asahi Chemical lost Y23 to Y800. Dainippon Pharmaceutical plummeted Y200 to Y4,330 and Yamanouchi Pharmaceutical Y180 to Y3,000, while Toyojozo finished at Y1,540 off Y50.

Market analysts said the margin buying balance on most biotechnology issues had swollen while their prices rose, but they later fell too rapidly for investors to be able to unload their holdings.

Bond prices levelled off. The yield on the barometer 7.3 per cent government bonds, due in December 1993, which dropped sharply to 6.545 per cent on Friday when buying surged, finished unchanged yesterday reflecting the yen's decline against the dollar.

EUROPE

Excursion to peak for Frankfurt

A RETURN to record-setting ways was seen in Frankfurt yesterday with the market buoyed by hopes of lower domestic interest rates, the easier trend of the dollar and the positive tone of recent coporate results.

The Commerzbank index added 7.1 to 1,230.1 outstripping the previous high of 1,229.3 set on March 21.

Bank shares were in particular demand with Dresdner Bank up DM 4.20 to DM 210.90. Commerzbank put on 30 pfg to DM 172 and, Deutsche 40 pfg DM 473.80.

Electrical Siemens rose DM 1.50 to DM 547 but AEG failed to break out of its narrow trading range, ending unchanged at DM 113. Robot maker IWKA, actively traded last Friday, continued to attract demand, rising DM 6 to DM 308.50 after a day's high of DM 310.

Chemicals issues were strong ahead of dividend announcements, due today, from BASF and Hoechst. BASF put on 90 pfg to DM 205.60, Hoechst DM 1.30 to DM 214.80 and Bayer DM 1.20 to DM 214.50.

In a lower motor sector, Daimler and VW each shed DM 1.20 to DM 658.80 and DM 205.50 respectively, while BMW eased 50 pfg to DM 375.50.

Retailer Kaufhof dipped DM 2 to DM 229 as it proposed to reduce the 1984 dividend despite a 8 per cent rise in parent company profits.

Bonds were little changed in thin trading with activity inhibited by uncertainty over the outlook for the dollar. The Bundesbank sold DM 21.7m of paper compared with sales totalling DM 62.3m on Friday.

An optimistic tone was evident in Amsterdam, where the ANP-CBS general index added 1.3 to 207.2. Demand was again reported from U.S. investors, for whom Dutch shares are still relatively cheap.

Prospects for lower interest rates, and perhaps improved interest rate margins and profits, helped banks ahead. Heavy buying took ABN up Fl 7 to Fl 433, while NMB was Fl 4 higher at Fl 172.

The stability of the dollar underpinned an advance by the major companies. Akzo rose Fl 2.70 to Fl 115.70, while Royal Dutch was Fl 1.40 higher at Fl 203.40 and Unilever added Fl 1.20 to Fl 345.20.

Publishers were lower with Elsevier down Fl 3.50 to Fl 116, ex its Fl 3 dividend, and VNU lost 50 cents to Fl 213.

Bond prices were little changed ahead of today's state loan tender. The new 15-year loan with a 7.75 per cent coupon is expected to raise between Fl 1bn and Fl 2bn at par, compared with Fl 5.25bn on the previous 8.25 per cent issue.

Banks and insurers led an early advance in Zurich but subsequent profit-taking trimmed some of the rise. Union Bank, trading ex its SwFr 115 dividend, put on SwFr 145 to FwFr 3,670. Swiss Bank Corp added SwFr 10 to SwFr 385, while Crédit Suisse gained SwFr 20 to SwFr 2,450.

In the chemicals sector, Hoffmann La-Roche showed no reaction to last week's higher dividend. The share ended unchanged at SwFr 8,675.

Bond prices firmed in active trading

Brussels edged ahead in thin trading. Utilities and financial stocks advanced. Groupe Bruxelles Lambert put on BFr 25 to BFr 1,975. Wagon Lits, the tourism group, firmed BFr 60 to BFr 3,000 on strong demand from French buyers.

In the Industrial sector, Petrofina lost BFr 20 to BFr 6,780 while Cometra, which last week posted a 49 per cent gain in consolidated net earnings, was unchanged at BFr 2,620.

End-account liquidation pushed Paris prices lower and the CAC General index shed 1.5 to 213.30.

Moulinex lost FFr 5.40 to FFr 101.60 as the household appliance group announced plans to cut its dividend and said that Scovill of the U.S. planned to acquire about 20 per cent of its shares as part of a joint venture agreement to be signed later in the year.

Valeo, the motor components group, added 90 centimes to FFr 248 as the sharp drop in 1984 results was attributed to heavy losses in its French activities.

Moët-Hennessy was FFr 34 lower at FFr 1,815 despite the parent company's announcement of higher net income.

Club Med was FFr 46 lower at FFr 1,068 ahead of this week's annual meeting.

An uncertain mood took hold in late Milan trading after a day that had seen prices edging ahead.

Olivetti was L60 higher at L6,230 as improved 1984 results and a higher dividend were announced.

Madrid was marginally ahead but Stockholm eased back in lacklustre trading.

WORLD STOCK MARKETS

AUSTRIA

Apr. 22	Price Sch%	+ or —
Creditanstalt	317	-12
Goesse	450	-4
Interunfall	705	-25
Laenderbank	290	-6
Perlmooser	440	+15
Steyr-Daimler	105	+4
Veitscher Mag	404	-4

BELGIUM/LUXEMBOURG

Apr. 22	Price Frs.	+ or —
B.B.L.	1,910	+20
Banq. Int. A. Lux	6,150	
Bekaert B	6,550	-140
Ciment CBR	9,405	+5
Cockerill	241	+1
Delhaize	7,610	90
EBES	3,100	+50
Electrobel	8,480	+40
Fabrique Nat	1,945	20
GB Inno BM	3,250	-40
GBL (Brux)	1,975	+25
Gevaert	5,800	
Hoboken	6,550	-50
Intercom	2,165	+10
Kredietbank	8,190	+140
Pan Hldgs.	10,800	200
Petrofina	6,780	20
Royale Belge	12,200	+100
Soc. Gen. Banq	5,320	10
Soc. Gen. Belge	1,920	+55
Sofina	7,800	+50
Solvay	4,110	+40
Stanwick Intl.	1,560	-10
Traction el	4,000	+70
UCB	6,040	-20
Wagon Lits	3,000	+60

DENMARK

Apr. 22	Price Kr %	+ or —
Andelsbanken	301	+4
Baltic Skand	545	10
CopHandelsbank	524	-7
D. Sukkerfab	560	-5
Danske Bank	507	+4
De Danske Luft	1,215	+5
East Asiatic	910	+1
Forenede Brygg.	1,000	
Forenede Damp.	180	+3
GNT Hldg	456	
I.S.S.B.	525	
Jyske Bank	645	+15
Novo Ind	1,430	+20
Privatbanken	281	-9
Provinsbanken	555	6
Smidth (F)	256	+6
Sophus Berend	1,080	
Superfos	457	+6

FRANCE

Apr. 22	Price Frs.	+ or —
Emprunt 4½% 1973	1705	15
Emprunt 7% 1973	8200	
Accor	272.1	-6.8
Air Liquid	011	-7
BIC	508	6
Bongrain	1,862	-8
Bouygues	690	+3
BSN Gervais	2,480	-21
CIT-Alcatel	1,525	20
Carrefour	2,165	25
Club Mediter'n	1,068	-40
Cie Bancaire	646	5
Cofimeg	290	-2
Damart	2,200	+5
Darty	1,350	69
Dumez S.A.	610	13
Eaux (Cie Gen)	626	+1
Elf-Aquitane	238	2.1
Essilor	3,100	-61
Gen. Occidentale	681	8
Imetal	112	1.5
Lafarge Coppee	510	5
L'Oreal	2,431	19
Legrand	2,120	25
Maisons Phenix	215.5	8.7
Matra S.A.	1,960	+30
Michelin B	930	5
Midi (Cie)	2,185	+4
Moet-Hennessy	1,815	54
Moulinex	101.8	5.4
Nord Est.	88.9	0.2
Pernod Ricard	700	4
Perrier	485.5	6.5
Petroles Fra.	260.2	1.8
Peugeot S.A.	355	-4
Printemps Aus	228	2.1
Radiotech	278	2.1
Redoute	1,325	-26
Roussel-Uclaf	1,730	19
Sefimeg	349	8
Skis Rossignol	1,850	-41
Telemech Elect.	2,500	10
Thomson CSF	567	9
Valeo	248	+0.8

GERMANY

Apr. 22	Price Dm.	+ or —
AEG-Telef	113	
Allianz Vers	1128xr	-0
BASF	805.0	-0.9
Bayer	214.5	+1.2
Bayer-Hypo	054.8	+0.8
Bayer-Verein	344.5	+1
BHF-Bank	281	-2.5
BMW	375.5	0.5
Brown Boveri	814	-0.8
Commerzbank	178	+0.3
Cont'l. Gummi	157.5	-0.4
Daimler-Benz	658.8	1.2
Degussa	551	-10
D'sche Babcock	163.5	+0.0
Deutsche Bank	473.8	-0.4
Dresdner Bank	216.0xr	+4.2
GHH	159.9	+1.4
Hochtief	474	-1
Hoechst	214.8	+1.3
Hoesch Werke	107.2	-3.8
Holzmann (P)	419.5	-0.5
Horten	171	+1
Hussel	894.5	+3.5
Karstadt	220	
Kaufhof	289	-2
KHD	259xr	+6
Kloeckner	70.8	-0.2
Linde	420	
Lufthansa	186	+1
MAN	149	+2.5
Mannesmann	164.8	+0.3
Mercedes Hld	579	-1
Metallgesel	961	2
Munech Rueck	1248	-18
Nixdorf	575.1	+3.4
Porsche	1190xd	3
Preussag	271	
Rhein West Elect	159	+1.5
Rosenthal	242	-1
Schering	459	+1
Siemens	547xd	+1.5
Thyssen	102.1	+0.3
Varta	182	+1
Veba	184.9	-0.4
V.E.W.	128.5	-0.8
Verein-West.	521	+1
Volkswagen	205.5	1.2

ITALY

Apr. 22	Price Lira	+ or —
Banco Com'le.	17,150	+150
Bastogi IRBS	190.5	-5.5
B.I-Invest	5,470	20
Centrale	3,146	+11
Credito Varesino	3,840	115
Fiat	8,889	+89
Finsider	50	-1.5
Generali Assicur.	44,150	
Italcementi	85,000	+500
La Rinascente	667.5	+55
Montedison	1,522	+4
Olivetti	6,230	+60
Pirelli Co	3,910	240
Pirelli Spa	2,250	+20
Snia BPD	2,793	+3
Toro Assic	14,250	+180
do Pref	10,400	-250

NETHERLANDS

Apr. 22	Price Fls	+ or —
AGF Holding	204.8	+1.8
AEGON	170.5	-0.5
Ahold	828.5	-3
AKZO	115.7	+2.7
ABN	453	+7
AMEV	229.7	+2.7
AMRO	76.8	+0.8
Bredero Cert	158	+9
Bos Kalis Westm.	17.7	+0.8
Buehrmann-Tet.	91	
Calland Hldgs.	54.4	-0.2
Dordtsche Pet'm	185.5	+0.8
Elsevier NDU	116.3	-3.2
Fokker	109.3	
Gist Brocades	185.5	-1.5
Heineken	154.5	-0.2
Hoogovens	59.9	0.1
Int Mueller	50.8	-0.6
KLM	58.2	
Naarden	50	+0.1
Nat Ned Cert	66.6	0.8
Ned M'd Bank	172	+4
Nedlloyd	177.5	2.2
Oce Grinten	317.5	+1.5
Ommeren (Van)	30.3	-0.2
Pakhoed	68.1	-0.1
Philips	57.3	0.1
Robeco	71.2	-0.2
Rodamco	137	
Rolinco	66.5	
Rorento	44.2	+0.1
Royal Dutch	203.4	-1.4
Unilever	345.2	-1.2
VMF Stork	155	-3
VNU	213	0.5
West Utr Bank	104.5	+0.4

NORWAY

Apr. 22	Price Kroner	+ or —
Bergens Bank	142.5	+0.5
Borregaard	354	+1.5
Christiania Bank	141	-1
Den Norske Cred	155	+5
Elkem	139.5	-1
Kvaerner	165	
Norsk Data	405	-3
Norsk Hydro	112.5	-1.0
Storebrand	245	+2

SPAIN

Apr. 22	Price Pta %	+ or —
Bco Bilbao	538	
Bco Central	319	
Bco Exterior	205	
Bco Hispano	164	
Bco Popular	364	+4
Bco Santander	550	+1
Dragados	174.5	+1.5
Hidrola	83.2	+2.5
Iberduero	94.5	+1.5
Petroleos	153.2	+4
Telefonica	124	-1

SWEDEN

Apr. 22	Price Kronor	+ or —
AGA	396	+3
Alfa Laval	196	-1
ASEA (Free)	525	
Astra (Free)	400	
Atlas Copco	192	-3
Cardo (Free)	255	+1
Cellulosa	124	+1
Electrolux B	522	1
Ericsson	278	
Esselte	345	
Mo och Domsjo	255	-2
Pharmacia	200	5
Saab Scania Free	405	
Sandvik	410	+5
Skandia	553	+2
Skan Enskilda	48.5	1
SKF	216	-1
St Kopparbergs	139	
Sven Handlesbn.	109	
Swedish Match	826	
Volvo B (Free)	279	1

SWITZERLAND

Apr. 22	Price Frs.	+ or —
Alusuisse	795	-25
Bank Leu	3,625	+5
Brown Boveri	1,550	-40
Ciba Geigy	2,870	20
do. (Part Certs)	2,280	-40
Credit Suisse	2,450	+20
Elektrowatt	2,880	-10
Fischer Geo.	740	-15
Hoff Roche PtCts	86,625	+125
Hoff Roche 1/10	8,650	25
Jacobs Suchard	6,325	
Jelmoli	1,960	+15
Landis & Gyr	1,070	
Nestle	6,460	20
Oer-Buehrle	1,440	10
Pirelli	284	-1
Sandoz (Br)	7,700	50
Sandoz (PtCts)	1,315	-10
Schindler (PtCts)	770	9
Sika	1,125	15
Surveillance	4,300	30
Swissair	1,058	-5
Swiss Bank	585	+10
Swiss Reinsce	11,000	
Swiss Volksbk	1,480	+10
Union Bank	3,725	-145
Winterthur	4,000	-20
Zurich Ins	24,200	300

AUSTRALIA

Apr. 22	Price Aust $	+ or —
ANZ Group	4.8	
Alliance Oil Dev.	1.07	
Ampol Pet.	1.85	-0.02
Ashton	0.90	-0.03
Aust. Cons. Ind	2.1	0.02
Aust. Guarantee	2.42	-0.03
Aust. Nat. Inds	2.73	+0.01
Aust. Paper	2.55	0.04
Bell Group	6.8	-0.1
Bell Res.	7.1	
Bond Corp Hldgs	1.46	
Boral	3.18	
Bougainville	2.18	-0.1
Brambles Inds	3.8	-0.02
Bridge Oil	2.55	
B.H. Prop.	5.5xa	
CRA	6.38	
CSR	2.83	-0.03
Castlemaine Tys.	4.85	
Coles (G.J.)	3.8	
Comalco "A"	2.42	0.03
Consolidated Pet	0.45	
Costain Aust.	1.75	
Dunlop Olympic	2.15	+0.03
Elders IXL	3.03	-0.02
Energ Res.	1.38	-0.02

AUSTRALIA (continued)

Apr. 22	Price Aust. $	+ or —
Gen. Prop. Trust	2.16	-0.01
Hardie (James)	3.08	
Hartogen Energy	2.9	-0.05
Herald W'y Times	4.35	
ICI Aust.	1.91	-0.01
Jimberlana F.P.	0.32	-0.01
Kia Ora Gold	0.17	
Lend Lease	0.4	
MIM	3.09	-0.02
Mayne Nickless	6.23	+0.08
Myer Emporium	1.78	-0.03
Nat. Aust. Bank	3.59	-0.01
News	7.4xc	-0.11
Nicholas Kiwi	1.95	
North Bkn Hill	2.0	-0.08
Oakbridge	0.98	
Pancont'l	1.62	-0.03
Pioneer Conc	1.78	+0.01
Poseidon	4.55	
Queensland Coal	1.0	+0.01
Reckitt & Coln	3.4	
Repco	1.22	-0.02
Santos	0.9	+0.06
Smith (Howard)	4.5	-0.15
Thos. Nationwide	1.86	+0.06
Tooth	5.8	
Vamgas	4.3	
Western Mining	4.2	
Westpac Bank	3.58	+0.04
Woodside Petrol	1.6	
Woolworths	5.00	-0.08
Wormald Intl	3.58	+0.03

HONG KONG

Apr. 22	Price H.K. $	+ or —
Bank East Asia	23.5	+0.0
Cheung Kong	15.7	-0.2
China Light	14.5	
Evergo	0.9	
Hang Seng Bank	44.25	
HK Electric	7.8	+0.1
HK Kowloon Wh.	6.1	+0.1
HK Land	5.8	+0.1
HK Shanghai Bk.	8.0xa	
HK Telephone	72.5	+1
Hutchinson Wpa	98.8	-0.2
Jardine Math	12.5	+1
New World Dev.	0.7	+0.1
Orient O'seas	2.20	
O'seas Trust Bk	5	-0.01
SHK Props.	10.2	+0.2
Shell Elect.	1.53	
Swire Pac A	94	+0.2
TV-B	5.9	0.2
Wheel'k Mard A.	7.3	
Wheel'k M'time.	1.10	
World Int. Hldns.	2.7	+0.07

JAPAN

Apr. 22	Price Yen	+ or —
Ajinomoto	1,070	+30
Alps Electric	1,850	-30
Amada	1,060	+10
Asahi Chem	800	-25
Asahi Glass	862	12
Bridgestone	515	-4
Canon	1,250	10
Casio Comp.	1,650	+30
Chugai Pharm.	1,050	
Citizen	511	+4
Daiei	615	14
Dai Nippon Ptg	995	5
Daiwa House	542	12
Ebara	466	+10
Eisai	1,380	-40
Fanuc	8800xr	+200
Fuji Bank	1,400	
Fuji Film	1,760	
Fujisawa	995	-25
Fujitsu	1,120	30
Green Cross	2,850	100
Hasegawa	381	-4
Heiwa Real Est	805	
Hitachi	798	
Hitachi Credit	1,080	
Honda	1,260	20
House Food	700	
Hoya	2,170	30
Itoh (C)	556	3
Ito Yokado	2,670	+30
Iwatsu	1,030	-30
JACCS	320	
JAL	5,950	+70
Jusco	730	
Kajima	291	-4
Kao Soap	771	+3
Kashiyama	635	-25
Kirin	600	3
Kokuyo	885	-5
Komatsu	437	-1
Konishiroku	643	-7
Kubota	338	-6
Kumagai	696	+10
Kyoto Ceramic	5,350	-50
Maeda Const	524	+3
Makino Milling	1,190	10
Makita	971	-31
Marubeni	308	+3
Marudai	576	4
Marui	1,100	10
MEI	1,470	30
M'ta Elec Works	710	+1
M'bishi Bank	1,470	+20
M'bishi	532	+7
M'bishi Elect	393	
M'bishi Estate	605	+9

JAPAN (continued)

Apr. 22	Price Yen	+ or —
MHI	259	-1
Mitsui	340	
Mitsui Estate	042xc	-9
Mitsukoshi	512	-5
NGK Insulators	879xc	-3
Nihon Cement	251	-1
Nippon Denso	1,350	
Nippon Elect	1,070	-20
Nippon Express	355	
Nippon Gakki	1,810	-60
Nippon Kokan	134	
Nippon Oil	887xc	+1
Nippon Seiko	644	-4
Nippon Shimpan	585	+11
Nippon Steel	147	-2
Nippon Suisan	536	+1
NTV	9,800xc	+10
Nippon Yusen	232xc	-3
Nissan Motor	635	
Nisshin Flour	405	14
Nisshin Steel	160	
Nomura	1,040	-10
Olympus	1,110	20
Orient Leasing	8,850	+70
Pioneer	2,590	-30
Renown	625	-5
Ricoh	885	
Sankyo	1,100	-40
Sanyo Elect.	456	-6
Sapporo	435	+5
Sekisui Prefab	590	+10
Seven-Eleven	9,400	+50
Sharp	998	-1
Shimadzu	687xc	-6
Shionogi	685xc	+2
Shiseido	1,160	
Sony	4,250	40
Stanley	890	
S'tomo Bank	1,670	+40
S'tomo Elect	859	-6
S'tomo Marine	600	
S'tomo Metal	148	+1
Taihei Dengyo	480	-9
Taisei Corp.	215	-8
Taisho Pharm	1,160	-40
Takeda	851	14
TDK	5,680	+10
Teijin	438	+3
Teikoku	789	+9
Tokyo Marine	807	+5
TBS	775	-4
Tokyo Elect Pwr	1,730	
Tokyo Gas	188	-5
Tokyo Sanyo	668	81
Tokyo Style	738	-1
Tokyu Corp.	352	-5
Toppan Print	956	-5
Toray	452	-7
Toshiba Elect.	389	+1
TOTO	650	+10
Toyo Seikan	860	+1
Toyota Motor	1,250	
Victor	9,070	-10
Wacoal	680	-5
Yamaha	740	
Yamanouchi	5,000	-180
Yamazaki	630	
Yasuda Fire	440	-6
Yokogawa Bdge.	422	-1

SINGAPORE

Apr. 22	Price $	+ or —
Boustead Hldgs.	1.60	-0.02
Cold Storage	2.52	
DBS	6.0	
Genting	5.65	-0.05
Haw Par. Bros.	2.18	-0.05
Hong Leong Fin.	2.91	+0.02
Inchcape Bhd.	2.45	-0.01
Keppel Shipyard	1.45	-0.01
Malay Banking	5.8	-0.05
Malay Utd. Ind.	9.34	-0.05
Multi Purpose	0.85	
OCBC	8.8	-0.1
OUB	4.56	+0.68
Public Bank	1.45	0.08
Sime Darby	1.85	-0.05
Singapore Press	6.15	-0.15
Straits Trdg.	4.4	+0.1
Tat Lee Bk	2.72	
UOB	4.36	

SOUTH AFRICA

Apr. 22	Price Rand	+ or —
Abercom	1.55	
AE&CI	8.15	-0.05
Allied Tech	66.5	
Anglo Am Coal	42	+0.75
Anglo Am Corp	27.00	-0.15
Anglo Am Gold	179.5	+2
Barclays Bank	15.8	-0.20
Barlow Rand	11.6	+0.1
Buffels	88	
CNA Gallo	2.75	+0.05
Currie Finance	3.9	
De Beers	10.25	+0.05
Driefontein	44.5	-0.20
FS Geduld	56.5	-0.5
Gold Fields SA	34.75	
Highveld Steel	4	+0.05
Nedbank	11.8	-0.05
OK Bazaars	14.6	+0.25
Protea Hldgs.	1.45	
Rembrandt	36	-0.5
Rust Plat	17.5	
Safren	16	+0.25
Sage Hldgs	8.7	-0.3
SA Brews	7.65	+0.15
Smith (AG)	24	+1
Tongaat Hulett	6.8	-0.01
Unisec	5.2	+0.1

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Prices at 1.30pm April 22

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total sales 5,863,815 shares

OVER-THE-COUNTER

Nasdaq national market, 2pm prices

Stock	Sales (Hds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 40

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Ex 11 89	£99¾	+£¼
Tr 2 IL 90	£96¼	+£⅛
Allebone	54	+5
Amber Indl	140	+35
Aust Cons. Min	54	+7
Beatrix Mines	350	+32
Carwright (R)	177	+9
Dunhill	355	+15
Fleet Hldgs	290	+7
Hol Bros & ESA	75	+8
INSTEM	265	+10
Lanca	315	+85
Marinex Pet	93	+6
Muirhead	146	+6
NMW Comp	380	+17
Phoenix Prop.	45	+8
Provident Fin	230	+7
Selincourt	27½	+2
UDO Hldgs	223	+18

FALLS

Banc of Scot	440	-25
Fisher (Albert)	121	-6
Micro Bus Sys	165	-30
Ocean Trans	188	-10
Pentland Inds	650	-10
Racal Elects	200	-6
Thorn EMI	430	-11

LONDON STOCK EXCHANGE

MARKET REPORT

Subdued session ends with equity leaders lower and Gilts marginally higher

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr 15	Apr 25	Apr 26	May 7
Apr 29	May 9	May 10	May 20
May 13	May 30	May 31	June 10

* "New-time" dealings may take place from 9.30 am two business days earlier.

Situation issues and stocks recommended in the weekend Press columns tended to consume the interest throughout a subdued London trading session yesterday. The dull tone seen in leading shares on Friday continued as the market appeared to be undecided about the course of international interest rates. Sterling gave little help, fluctuating within a narrow range, while period rates for credit hardened.

The Bank of England again provided heavy assistance in money markets, although Discount Houses were not asked to pay Friday's penal rates. This had indicated the authorities' reluctance to see further reductions in bank base lending rates after the ½ percentage cut to 12½ per cent by both NatWest and Lloyds.

Wall Street's concern over U.S. economic trends, which resulted in a lacklustre performance on Friday, also dampened equity interest. Institutional activity was particularly sparse with operators seemingly content to await ICI's first-quarter results, due to be announced on Thursday. Most international and leading stocks eased progressively and the FT Ordinary share index, which opened only a shade off, closed 7.2 down at the session's lowest of 971.6.

The volume of business in Government securities also tailed off but the market displayed a firm undertone. Sterling's current strength, in spite of cheaper money moves and revived talk of lower oil prices, encouraged light demand for conventional Gilts which settled ½ better in places. No bids were made for stock of the three new tranches of existing issues, totalling £650m, made available to the market from yesterday. Index-linked stocks too attracted small support following the latest rise in UK inflation.

Bank Scotland down

Bank of Scotland fell 20 to 440p following news of the proposed £81m rights issue, which accompanied the preliminary result. The news served to deter interest in the major clearing banks and the close was mixed. Barclays edged forward a few pence in 358p, but Midland eased 2 to 358p. Royal Bank of Scotland touched 286p before closing 2 dearer at 284p. Among Discount Houses, Provident Financial reflected revived speculative buying with a rise of 7 to 230p.

Renewed profit-taking caused takeover - favourite Commercial Union to ease before a late flurry of speculative buying prompted a rally to 223p, up 2 on balance. Elsewhere, Lloyds Broker Minet cheapened 5 to 240p with sentiment still soured by last week's warning that a syndicate managed by the company could face substantial losses. Windsor Securities, in which Lander Investments recently acquired an 11 per cent stake, gave up 3 at 57p.

The two newcomers to the Unlisted Securities Market made highly successful debuts. Specialist magazines and video group Aspen Communications, placed at 125p, opened at 154p and moved up to 173p. Lloyds broker holding company Howard Group began at 172p and touched 200p prior to closing at 187p compared with the placing price of 129p.

Cash call fears continued to deter buyers of Blue Circle which slipped 3 to 484p ahead of Thursday's preliminary statement. Elsewhere in the Building sector, M. J. Gleeson firmed 4 to 236p awaiting tomorrow's half-timer, while Howard Shuttering attracted buyers at 45p, up 3. Burnett and Hallamshire, still awaiting news of talks with its bankers about serious debt problems, shed 5 to 55p.

ICI were a steady market in front of Thursday's first-quarter results and closed 4 dearer at 773p. Among other Chemicals, Arrow lost 3 to 58p, after 57p, following slightly disappointing annual figures.

Lanca buoyant

Leading Stores made modest headway in thin trading but often finished below the best levels. The 1.2 per cent rise in March provisional Retail sales, which followed the encouraging tenor of the latest FT/CBI survey of the distributive trades, was a help. British Home fared best with a gain of 6 to 293p, while Burton hardened a few pence to a new high of 500p.

Slightly more active conditions prevailed among secondary issues with business boosted by a welter of weekend Press comment. Allebone, 5 up at 54p, Selincourt, 2 better at 27½p, and Our Price, 12 to the good at 400p, after 403p, all went better for this reason. Recovery prospects lifted S. R. Gent 8 to 124p, while buyers returned for Dunhill, another 15 up at 355p. Handbag merchants Lanca, a rising market of late, spurted 85 to 315p, after 330p, on news that Corporate Development International has acquired a near-30 per cent holding; sentiment was also buoyed by the announcement of a proposed sub-division of shares. Moss Bros, mentioned in the weekend Press columns, closed 10 higher at 410p awaiting today's annual figures, but profit-taking left Bolton Textile 4 off at 21p.

Style closed 6 up at 201p on the news that British Land now controls over 25 per cent of the limited voting shares.

Interest in the Electrical leaders was at a low ebb and quotations gave ground. Thorn EMI, supported last week following the management changes, retreated 11 to 430p. Racal gave up 6 at 200p and Plessey cheapened 4 to 196p as did GEC, at 188p. BICC, still affected by Australian currency influences, softened a couple of pence more to 240p. Elsewhere, Standard Telephones and Cables improved 4 to 208p on publicity given to an investment seminar scheduled for Thursday. INSTEM, at 285p, and Muirhead, at 148p, rose 10 and 6 respectively following Press comment, while Forward Technology edged up 2 to 30p. Micro Business Systems, however, dropped 30 to 165p owing to adverse comment ahead of tomorrow's annual results.

Engineering drifted lower in subdued trading conditions. Hawker closed 6 off at 435p and Vickers a similar amount lower at 256p, while GKN ended 5 down at 232p. Among the occasional movements in secondary issues, R. Cartwright advanced 9 to 177p on week-end Press suggestions of a possible counter-bid for the company; current bidders Henderson Group bardooed a couple of pence to 255p. Newspaper mention stimulated demand for Williams Holdings, up 7 at 284p, and Hampson Industries, a couple of pence harder at 29p, while increased annual profits left Folkes 1½ higher at 27p. Clayton Son, scheduled to report preliminary figures on Friday, gained 5 to 73p.

Among Foods, Dee Corporation, which lapsed its offer for Booker McConnell on Friday, eased 4 more to 222p, but William Low continued to attract buyers in the wake of the group's recent expansion moves and rose 9 to 642p. William Morrison, however, remained a firm market at 258p, up 4. Still reflecting the return to profitability, J. E. England rose 2 afresh to 30½p.

Talk that the group's U.S. cigarette subsidiary Liggett and Myers may face increased competition from Philip Morris which is thought to be considering entry into the generic cigarette market put pressure on Grand Metropolitan which shed 7 to 285p, after 289p.

NMW Comp. higher

A rather uninspiring trade in the miscellaneous industrial leaders left quotations showing little alteration at the close. Elsewhere, NMW Computers, still reflecting prospects for its accounting services and Talisman facilities for stockbrokers, encountered further demand and advanced to 405p before closing 17 up on the day at 380p. Comment ahead of Thursday's preliminary figures stimulated demand for Hollis Bros., 8 to the good at 75p; others to reflect week-end Press mention included Polly Peck, 8 dearer at 250p, and Amber, which jumped 35 to 140p. EIS improved 3 to 210p in response to satisfactory preliminary figures, while the chairman's statement at the annual meeting left Bestwood 8 higher at 228p. Clement Clarke improved 5 more to 105p awaiting today's preliminary statement. Comment in the Financial Times suggesting that the worst may be over for the furniture industry, prompted occasional demand for furniture issues, Parker Knoll A rising 4 to 180p and Stag a couple of pence to 56p.

Publishers featured Fleet Holdings which rose 7 to 290p, after 292p, awaiting further news of the intimated offer from United Newspapers.

Stock Conversion traded actively and touched 505p prior to closing unchanged on balance at 492p awaiting news of the sale of Equity Trust's 22.7 per cent stake in the group, the bids for which had to be tabled by last Thursday. Other leading properties were overshadowed, but managed further modest progress with both Land Securities and MEPC closing a couple of pence dearer at the common price of 304p. Residential property developers attracted fresh support on hopes of early moves to end rent controls on new lettings of private housing. Mountview Estates were prominent, at 345p, up 15, while Daejan firmed 5 to 385p and Warner Estate 10 to 645p. Elsewhere, Phoenix Property and Finance spurted to 53p before closing a net 8 up at 45p following news of a £3m Belgravia property acquisition from Mr Damian Aspinall which is to be satisfied by a cash payment of £1.5m and the issue of 4.285m new ordinary shares to the vendor at 35p per share. Higher interim profits helped Allied London Properties add a couple of pence at 104p, while comment on the group's U.S. expansion lifted Rush and Tompkins 6 to 250p. On the other hand, uninspiring annual results left Percy Bilton 2 off at 228p.

Ocean Transport, supported recently on takeover prospects, reacted 10 to 188p, as P & O chairman Sir Jeffrey Sterling, speaking at the latter's annual meeting, reiterated that P & O's 10 per cent stake in Ocean is held as a "trade investment." P & O Deferred eased 6 to 347p.

Tootal, which recently fought off a takeover attempt by Australian concern Entrad, hardened 1½ to 78p following vague suggestions that Vantona Viyella, long touted as a prospective suitor for Tootal, is set to enter the fray.

Oils quiet

Activity in leading oils contracted to minimal levels and price changes were confined to a few pence in either direction. LASMO hardened to 315p ex-rights with the new nil-paid shares quoted at 32p premium. Takeover speculation continued in Tricentrol, which touched 263p before coming back to close only 2 up on balance at 257p. Britoil's proposed purchase of the UK assets of Hadson Petroleum for 27m saw the latter suspended at 9.30 pending a further announcement. The news gave a major boost to other onshore explorers, especially Marinex, which advanced 6 to 93p.

Beatrix advance

Beatrix Mines were a lone firm feature in an otherwise neglected South African gold mining sector: sizeable Johannesburg buying interest in the wake of a buy recommendation in the South African press boosted the shares 32 to a 1985 high of 350p.

Other gold shares did little more than drift easier on lack of interest. Bullion failed to give much of a lead and held around the $328 an ounce level throughout the day. Adverse Press comment prompted persistent small selling of Western Areas, which dipped 18 to 367p but Egoli Consolidated continued to improve and closed 7 up at a year's best of 110p still reflecting the recent news that an overseas company is seeking to acquire an interest in Egoli's subsidiary Spring Dagga Gold Mines.

The Gold Mines index eased 2.4 to 512.8.

Financials were similarly subdued, although Rand Mines Properties attracted renewed Cape support to close with a 25 gain at 775p. UK-domiciled stocks showed Rio Tinto-Zinc down 8 more at 614p—its fifth successive decline—still reflecting the disappointing preliminary results announced last Wednesday.

Leading Australians gave ground at the outset but staged a minor rally during the afternoon to close with minimal losses on balance. Golds, however, attracted sustained buying interest, reflecting a good performance by the sector in Australia overnight and favourable Press comment. Australian Consolidated Minerals were heavily bought overnight and moved ahead in London to close 7 firmer at a 1985 high of 54p. Sons of Gwalia were particularly favoured and jumped 8 more to 112p following news of the maiden dividend, an interim of 7.5 cents.

Lacklustre conditions in London equities were mirrored in Traded Options. Total contracts struck amounted to only 5,064 comprising 3,975 calls and 1,089 puts.

FINANCIAL TIMES STOCK INDICES

	Apr. 22	Apr. 19	Apr. 18	Apr. 17	Apr. 16	Apr. 15	year ago
Government Secs.	81.88	81.88	82.00	81.58	81.85	81.77	81.86
Fixed Interest	86.19	86.14	86.03	85.79	85.80	85.58	86.06
Ordinary	971.6	978.8	991.5	988.8	979.5	977.0	876.2
Gold Mines	512.8	515.2	507.2	521.2	535.5	536.2	686.1
Ord. Div. Yield	4.68	4.65	4.52	4.50	4.65	4.07	4.38
Earnings, Yld.% (full)	11.80	11.72	11.57	11.01	11.73	11.07	10.09
P/E Ratio (net) (*)	10.32	10.58	10.53	10.49	10.38	10.44	11.90
Total bargains (Est.)	24,496	24,664	24,872	25,464	26,064	24,980	20,090
Equity turnover £m.	—	283.80	424.75	387.82	429.21	430.02	183.49
Equity bargains	—	19,289	22,553	22,728	25,431	25,129	14,549
Shares traded (ml)	—	152.5	225.1	202.0	243.4	230.4	105.2

10 am 977.5. 11 am 977.5. Noon 975.4. 1 pm 974.1.
2 pm 973.8. 3 pm 973.4.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.02.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.00 (18/4)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.19 (22/4)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	928.7 (8/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (16/4)	439.5 (25/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Apr. 19	Apr. 18
Daily		
Gilt Edged Bargains	153.0	152.5
Equities Bargains	125.0	146.2
Equities Value	573.6	858.5
5-day Average		
Gilt Edged Bargains	180.2	186.4
Equities Bargains	150.5	100.1
Equities Value	790.5	875.5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 22	May 3	July 25	Aug 3
May 7	May 17	Aug 8	Aug 19
May 20	June 7	Aug 29	Sept 9

For rate indications see end of Share Information Service

Money was given for the call of Osceola, Westland, Southern Resources, Polly Peck, Sangers, Consolidated Gold Fields, Bristol Oil and Minerals, Sound Diffusion, Mieco Business Systems, Arrow Chemicals, Birmid Qualcast, Slaters Foods, Falcon Resources, C. H. Bailey, Atlantic Resources, Stonehill, Ryan Hotels, B. Elliott, Vosper and Premier Oil. No puts were reported, but a double was struck in Sekers International.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	82	3	40
Corpns. Dom. and Foreign Bonds	20	12	42
Industrials	281	282	902
Fin. and Props.	87	79	378
Oils	25	20	80
Plantations	1	7	9
Mines	51	40	29
Others	106	46	62
Totals	633	472	1,603

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing Price	Day's Change
Bank of Scotland	440	−25
Carless Capel	163	+3
Celtic Haven	58	+7
Commercial Union	223	+2
Double Eagle	39	−4
Dunhill	355	+15
Euro. Ferries	143	−3½
Fleet Hldgs.	290	+7
Goldberg (A.)	60	+2
NMW Computers	380	+17
Ocean Transport	188	−10
Stock Conversion	492	—

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
GUS A	27	825	+30
NMW Comp.	18	363	+33
Tricentrol	18	255	+10
ICI	15	769	−12
Booker Mc'nell	13	248	−19
Wayne Kerr	12	144	—
Debenhams	11	281	−2
Glaxo	—	£12	−0½
RTZ	11	622	−8
Sun Alliance	11	472	+7
Woolworth	11	840	−15
Br. Aerospace	10	417	−5
Comm. Union	10	221	−8
Ward White	10	280	+10

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+or−	Net div.	Times covered	Gross yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+or−
[illegible]							

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+or−
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‡‡ Introduction. ✠ Unlisted Securities Market. ‡ Placing price. † Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. ⊕ Figures or report awaited. ‡‡ Units comprising 5 Ord., 1 Warrant and £2.80 nominal of conv. stock.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (105)

BRITISH FUNDS (11)
LOANS (1)
FOREIGN BONDS (2)
CANADIANS (1)
BANKS (3)
BUILDINGS (2)
STORES (14)
ENGINEERING (8)
FOODS (6)
HOTELS (1)
INDUSTRIALS (18)
INSURANCE (2)
LEISURE (1)
NEWSPAPERS (2)
PROPERTY (8)
SOUTH AFRICANS (1)
TEXTILES (5)
TOBACCOS (7)
OILS (3)
OVERSEAS TRADERS (2)

NEW LOWS (49)

FOREIGN BONDS (1)
Iceland 5¾pc '83-88

AMERICANS (8)
Amdahl — GATX
Brunswick Corp. — General Elect.
Business Computer — Insilco
Cenergy Corp. — Transamerica

CANADIANS (1)
Bow Valley

BUILDINGS (1)
NAT

CHEMICALS (1)
Wardle Storeys

STORES (1)
French Connection

ELECTRICALS (5)
Grosvenor Group — Pifco
Micro Bus. Systems — Sarasota Tech.
Motorola

INDUSTRIALS (4)
French (Thos.) — Somic
LRC Internatl. — Worthington (A. J.)

PAPER (2)
Craton Lodge — Smurfit (Jefferson)

SHIPPING (1)
Graig Shipping

TEXTILES (1)
Toray

TRUSTS (10)
Drayton Japan — Fleming Universal
Fleming Amer. 7pc Cnv. Uns. Ln '99 — GT Japan
Fleming Far Eastern — Japan Assets
Fleming Japanese — N. Atlantic Sec.
Fleming Tech. Inv. — Mercantile House

OILS (4)
Magellan Petroleum — Ranger Oil
National Oil — Sunmark Petroleum

PLANTATIONS (2)
Highlands Lowlands — Kuala Kepong

MINES (7)
Charter Cons. — Pahang
MIM Hldgs. — Tongkah Harbour Tin
North Broken Hill — Tronoh
Malaysia Mining

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Mon April 22 1985 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Fri April 19 Index No.	Thur April 18 Index No.	Wed April 17 Index No.	Year ago (approx.) Index No.
[illegible]										

FIXED INTEREST

PRICE INDICES	Mon April 22	Day's change %	Fri April 19	xd adj. today	xd adj. 1985 to date
[illegible]					

AVERAGE GROSS REDEMPTION YIELDS	Mon April 22	Fri April 19	Thur April 18	Year ago (approx.)
[illegible]				

BRITISH GOVERNMENT INDEX-LINKED STOCKS

[illegible]					

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

CONSTITUENT CHANGE: Martin (R. P.) (70) has been deleted and not replaced.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$340	—	—	—	—	17	28	$328.90
GOLD C	$350	15	3.50	—	—	—	—	"
GOLD C	$360	—	—	—	—	5	17	"
GOLD C	$375	12	1	—	—	—	—	"
GOLD P	$325	6	5.10	—	—	—	—	"
[illegible]								

TOTAL VOLUME IN CONTRACTS: 21,928

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts Jly.	Puts Oct.
B.P. (*550)	460	92	110	117	1	4	7
	500	52	70	82	1	7	14
	550	5	28	47	8	25	28
	600	1	10	27	55	56	63
[illegible]							

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Imperial Gp. (*187)	160	31	38	—	1½	3	—
	180	15	20	27	5	9	12
	200	6	13	12	17	20	25
	220	2	6	11	36	37	41
[illegible]							

Apr. 22. Total contracts 5,064. Calls 3,975. Puts 1,089.
* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
99 1/16	97	Treas 3pc 1985	99 3/32 xd	.....	3.02	13.19
100 7/8	99 1/8	Treas 11½pc 1985	99¾	+ 1/16	11.53	12.45
98 11/16	97⅜	Treas 8¾pcCnv '85	98 11/16	.....	[illegible]	11.91
101 11/16	99 3/8	Exch. 12¾pc 1985	100 3/32 xd	– 1/16	[illegible]	11.71
101 1/16	99 1/16	Exch. 11¼pc '86	100 1/16	– 1/16	[illegible]	11.27
99½	97 1/16	Treas. 10pcCnv 1986	99 1/16	.....	[illegible]	11.09
94⅛	92¼	Treas 3pc 1986	94⅛	+ 1/16	[illegible]	8.89
100	97½	Exch. 10½pc Cv '86	99¼	.....	[illegible]	11.18
101⅞	99¼	Treas 12pc 1986	100 11/16	.....	[illegible]	11.11
97 1/8	94¼	Treas 8¾pc 1984-86‡‡	97¼	.....	[illegible]	10.96
105 1/4	102 1/4	Exch. 14pc 1986	103 11/16 xd	.....	[illegible]	11.19
91⅞	87¼	Exch. 2½pc 1986	91⅞ xd	+ 1/16	[illegible]	8.08
104 1/2	101¼	Exch. 13¾pc 1987	103 1/2	...	[illegible]	11.14
99½	95⅝	Treas 10½pcCv '87	98½	+ 1/16	[illegible]	11.15
90	85½	Exch 2½pc 1987	89⅞	– ⅛	2.78	8.55
99 1/4	96¼	Exch. 10½pc 1987	99	+ 1/16	10.61	11.07
93	89	Funding 6½pc '85-87‡‡	93xd	.....	6.99	10.43
98½	95½	Treas. 10pc 1987	97 11/16	+ ⅛	10.21	11.09
87⅞	84¼	Treas 3pc 1987	87⅞	.....	3.42	9.14
102 11/16	99⅛	Treas. 12pc 1987	101 7/8 xd	+ ⅛	11.78	11.12
93⅛	90¼	Treas 7¾pc 1985-88‡‡	93⅛	+ ⅛	8.32	10.67
98⅞	95½	Exch 10½pc '88	98 1/2 xd	+ ⅛	10.65	11.03
96 11/16	93⅛	Treas 9¾pc Cv '88	96 3/16	+ 1/16	10.14	11.21
83¼	80	Transport 3pc '78-88	83¼	.....	3.58	0.97

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
77	61	Marshall's Universal	62	–2	2.0	♦	4.7	♦
84	70	Do. 7½pcCnRedPf £1	81		7½%	—	13.1	—
22	22	Martin-Black	22¤		—	—	—	—
£96	£81	Mathesons 7¼%	£85		Q7¼%	2.3	9.3	—
435	375	Metal Box £1	402	–1	125.0	3.2	5.3	6.5
170	136	Metal Closures	152xd		6.7	2.0	6.3	9.5
17	9	Metal Sciences 2½p	12		—	—	—	—
104	73	Midland Marts	104xd		4.0	1.8	5.5	13.2
83½	68	Mitchell Cotts	70	–½	14.0	1.5	8.2	10.0
220	182	Morgan Crucible	214	+4	8.0	♦	5.4	18.2
32	22	Morris (W) F.A. 20p	32		g0.5	♦	2.2	♦
105	95	Moss (Robt.) 10p	95		12.5	2.3	3.8	13.7
405	267	MMW Computers	380	+17	6.0	♦	2.3	♦
43	34	Nash Inds.	34		2.5	1.5	10.5	7.0
48	30	Neill & Spencer 10p	30		—	—	—	9.0
34	16	Newman Industries	33	+1	—	—	—	♦
35	20	Do. 10pc Cn.Cnv.Pf.	32	–1	10%	—	4.5	—
55	41	Molton	53		g1.1	4.5	3.0	8.9
183	146	Norcros	150	+2	18.6	2.4	8.2	7.9
64	53	Nu-Swift 5p	56		12.4	3.2	6.1	7.3
95	68	Oakwood Grp.	95		14.5	1.4	6.8	14.0
165	150	Office & Elect	146		7.5	4.2	6.5	7.6
108	83	Ofrecre 20p	83		4.0	2.6	6.9	7.4
925	625	Oriflame Intl SA	825		46.81	1.3	8.1	12.0
238	190	Osborne & Little 5p	208		bg2.0	3.2	1.4	33.0
18	15	Owenstone 12½c	17		104.5c	2.2	‡	3.9
£176	£198	Ozalid 9pc Cnv 87-92	£170xd		Q9%	—	15.4	—
185	105	PCT Grp 10p	238		g4.8	2.9	4.2	9.8
£14	£10¾	PLM 'B' Sk 25	£11½		Q21.6%	♦	4.6	♦
153	169	PSM Intl	172		bg5.25	2.6	4.4	12.6
60	55	Pacific Sales 10p	53		b2.4	2.2	6.5	10.0
188	165	Parker Knoll 'A'	180	+4	9.0	2.8	7.1	7.1
375	205	Pauls	362		F13.0	2.5	5.1	15.9
725	575	Pearson	708xd		17.0	3.2	3.4	12.2
28	18	Peek Holdings	25	+1	—	—	—	♦
94	88	Peerless	88		6.3	1.4	10.2	8.9
665	297	Pentland 10p	650	–20	2.6	♦	0.6	♦
46	33	Pentos 10p	44	+1	0.35	♦	1.1	♦
54	44	Phillips Patents	45		1.25	—	4.0	—

LEISURE—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
162	146	Mngmt. Ag. M. 10p	162s		18.75	1.2	7.7	14.5
183	155	Media Tech Int 20p	160		ug2.58	3.9	2.3	15.8
200	126	Mecklonster 10p	177		14.85	2.6	3.9	11.9
280	175	Miss World 10p	268		3.6	4.1	2.0	17.7
26	22	Nationwide Leis.	22		13.75	♦	5.0	♦
30	15	Nimslo Int 20c	25		—	—	—	—
24½	19½	Owners Abroad	23		1.0	♦	6.5	♦
46	38	Phonix (Lon.)	42		—	—	—	—
24½	22	P'dilly Radio NV 5p	22		1.87	♦	12.1	♦
93	55	Pineapple Dnc.St.10p	65	–5	d1.5	1.2	3.5	35.0
458	366	Pleasurama 5p	442	+2	19.2	♦	3.0	♦
96	77½	Pres Entertain 50p	94xd		g2.0	♦	3.0	♦
65	28	Radio City 'A' NV	32		5.6	0.9	25.0	6.4
53	43	Radio Clyde N/V	43		3.25	2.0	10.8	6.3
63	37	Riley Leisure 10p	52	–5	0.7	—	‡	—
195	143	Saga Hols. 20p	183	–3	4.0	2.1	3.1	19.5
£20¾	540	Samuelson Grp £1	£18¾	+¼	19.0	3.6	—	41.2
39	25	Sangers Photo 10p	36		b2.0	1.1	7.9	16.3
202	138	Scantro 50p	198	–2	g3.68	♦	2.7	♦
156	136	Scott. TV 'A' 10p	136		8.8	♦	8.5	♦
508	319	SeaCo Inc $0.125	330	+1	—	—	—	—
15	9	SelecTV 10p	13		—	—	—	—
140	35	Spectrum 5p	35		g2.0	4.8	3.1	3.7
32	23	TSW 5p	24xd		1.5	2.6	8.9	6.0
142	110	TVS N/Vtg 10p	135		6.0	2.2	6.2	3.2
235	132	Television Svcs 50p	225xd		[illegible]	♦	1.0	♦
79	69	Tottenham Hotspur	73		[illegible]	1.6	7.8	17.7
260	182	Trid'nt TV 'A' 10p	242	–3	[illegible]	1.0	4.4	18.1
160	106	21st Century Dist	117	–10½	—	—	—	—
165	138	Tyne Tees TV 'A' £1	138		[illegible]	2.3	10.9	5.0
92	84	Ulster TV N/V 'A'	46	–2	[illegible]	♦	8.1	♦
26	20½	Webb (Jos.) 5p	22½	+½	[illegible]	3.0	3.2	44.6
26½	20	Williams (Rex) 5p	22½	+½	[illegible]	—	5.8	—
112	93	Zetters 5p	111	–1	[illegible]	3.0	4.2	11.4

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

PROPERTY—Continued

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

OIL AND GAS

[illegible]

MINES—Continued

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

OPTIONS—3-month call rates

[illegible]

"Recent Issues" and "Rights" Page 39

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

Finance, Land, etc

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

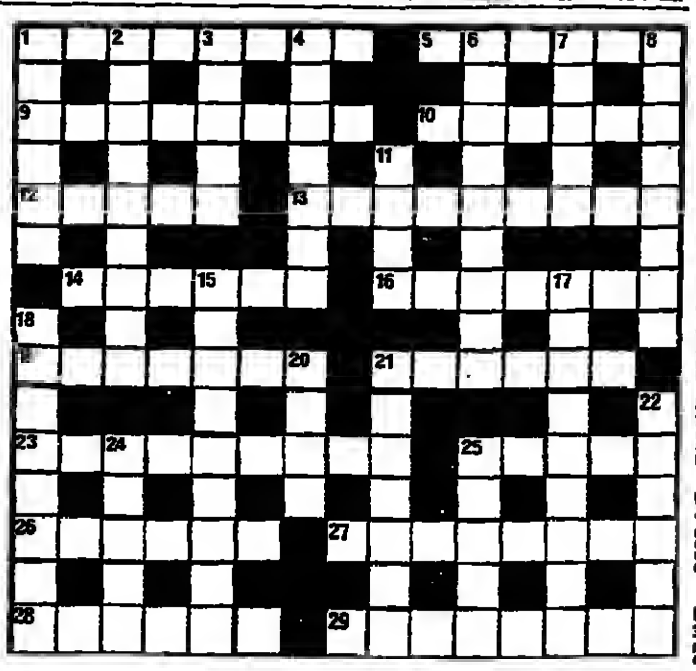
[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,700



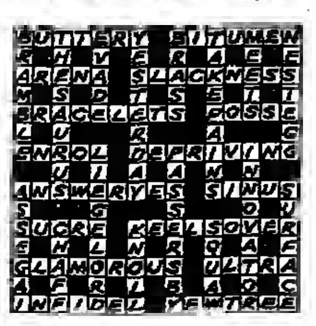
ACROSS

1 High spirits (8)
5 Grab a bit of sleep, perhaps (6)
9 Power-driven craft uncle has designed (8)
10 State in a loud and resolute way (6)
12 An out of the way route (5)
13 One who delivers wartime aircraft (9)
14 Sailor marries Elizabeth—a superior lady (6)
16 Figure the mob rush out to see (7)
19 One way to cut out letter writing (7)
21 A coin's tossed in a gambling situation (6)
23 Superintends, but misses something? (9)
25 Brief stop for many in a trance (5)
26 Urge to defy authority? (6)
27 It's played for the HQ dance (8)
28 A legal term (6)
29 Lois died broke but greatly admired (8)

DOWN

1 Capacity to get on after bitterness? (6)
2 Quite composed and skilled, to be fair (9)
3 Money is a bait that takes many in (5)
4 Stacks of chalk required by dressmakers? (7)
6 Being villainous, use no fair play (9)
7 The turn of Oliver (5)
8 People won't take his work seriously (8)
11 Archbishop of York has to dress up (4)
15 Non-stop flight (9)
17 Definitely not many bones broken (2, 2, 5)
18 Cause amazement to a holy man on his involvement (8)
20 Nothing much around to plunder (4)
21 It may get upset over trifles (7)
22 Song and dance gets little publicity (6)
24 Make an excellent start, and do even better (5)
25 Basket of a hundred small river fish(5)

Solution to Puzzle No. 5,699



INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Sec A	27.4	28.9		—
Managed	20.4	21.5	−0.2	—
Equity	16.7	17.6		—
Blue Chip	22.9	24.2	+0.5	—
Special Sits	24.5	25.8	−0.3	—
International	26.9	28.4	−0.6	—
American	20.9	22.0	−0.9	—
Pacific	200.0	21.1	−1.2	—
Property	17.2	18.2		—
Fixed Yield	19.9	21.0	+0.1	—
Index Linked Secs.	11.2	12.8		—
Int Currency	13.3	14.1	−0.3	—
Deposit	16.3	17.8		—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348
LACOP Units 215.10 15.80

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202/0738 262524

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	204.5	215.3	+0.2
UK Equity	240.4	253.1	−0.2
Overseas Eq.	191.3	201.4	+0.5
Americas	193.6	203.8	+0.2
Far East	159.5	167.9	+0.4
Property	114.0	120.1	+0.1
Fixed Int.	165.5	174.8	
Indexed Gilt	106.7	112.4	+0.2
Deposit	116.1	122.3	+0.1

NPI Pensions Management Ltd.
Managed Fund 564.4 — Prices April 1. Next dealing May 1.

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 348955

Save & Prosper Group

Schroder Life Assurance
Enterprise House, Portsmouth.

OFFSHORE AND OVERSEAS

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd $12.29 −0.09
Inv. Adv.: M. & G. Inv. Mngt., Ltd, London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	12.8	13.4	0.00
Chemetc Fund	59.5	62.0	0.00
Precious Metal Fund	69.5	72.5	0.00
Vanguard Cmdy. Fd.	19.3	19.8	0.00
Financial Futures Fd.	31.6	33.8	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Dynamic Gwth Fd $8.57 +0.21

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int. Cr
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	13.11	9.80	14.61	6-mth
7-day Fund	13.01	9.72	14.49	6-mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	13.19	9.86	14.59	6-Mth
7-day Fund	12.46	9.46	13.97	6-Mth
Dollar	8.81	—	—	6-Mth
Money Mngt. Acct	12.75	9.53	14.32	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	12.75	9.53	14.04	Qr
Mth. Inl. Chq.	12.625	9.44	14.06	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc.	12.40	9.26	13.80	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.25	9.00	15.49	Qr
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	12.25	9.16	13.64	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				

NOTES

COMMODITIES AND AGRICULTURE

U.S. wheat farmers try to delay referendum

By Nancy Dunne in Washington

THE U.S. National Association of Wheat Associates is backing a Bill to delay a referendum on cutting wheat acreages set by the Department of Agriculture for July 19 to 26.

The referendum, required under a 1938 law which could go into effect in the absence of a new farm bill this year, is totally unworkable in today's farm structure, says the Wheat Associates.

Under the referendum, wheat farmers who want price supports and other government benefits will have to vote to cut drastically their output to 1.955m bushels of wheat on 54m acres.

Mr John A. Schnittker, a well-known private consultant, told the House agriculture committee last week that farmers and the feed trade should not have to face the threat of this obsolete programme which could go into effect almost 25 years after being enacted.

Representative Dan Glickman, a Kansas Democrat, said the Administration was wrong if it thought the threat of the referendum would pressure Congress into passing their farm bill.

According to Mr Schnittker, the U.S. must cut its loan supports by 10 per cent to give U.S. growers a better chance in export markets. Little can be done to help the 43,000 U.S. farmers who are insolvent or the 50,000 farmers with extreme financial problems, he said.

Even the half million family farms not in serious financial trouble may see the value of their assets decline further in the next few years as past speculative value is squeezed out of land prices, he said.

Meanwhile two senators, Mr Rudy Boschwitz, a Minnesota Republican, and Mr David Boren, an Oklahoma Democrat, have introduced legislation to give farmers transition payments of up to $63,000 each to assist them until the U.S. export market recovers. While guaranteeing farmers a reasonable income level, the plan calls for a dramatic cut in price supports to help U.S. farm goods become more competitive.

Surplus of poor quality tea hits London prices

BY RICHARD MOONEY, COMMODITIES STAFF

TEA PRICES at the weekly London auction fell sharply yesterday, reflecting the tone in producer country markets in the last week.

The average price for medium grade tea was 190p a kilo, down 20p from last week. This was the 11th successive decline since medium grade reached its 1985 peak of 300p a kilo on January 21.

Low medium grade tea was also down 20p, at 140p a kilo. There was no quality grade tea on offer.

One London trader attributed the decline to the considerable weight of indifferent quality tea on offer, including some North Indians which had been withdrawn from earlier sales because prices were considered too low by the vendors.

He said buyers were aware that heavy crops were expected almost everywhere and were reluctant to buy moderate quality tea at prices still regarded as high historically.

It was common for there to be no quality grade tea on offer at this time of year, he added.

There were 49,220 packages on offer this week, including 13,495 packages in the offshore section.

The Tea Brokers' Association of London said Assams again met a very selective market and declined 10p to 15p a kilo with a number of withdrawals.

Bangladesh teas also found limited demand and shed 12p to 16p a kilo. Apart from a few bright lines which showed little change, Africans lost 20p to 30p a kilo when they found buyers.

Ceylons moved 15p to 25p a kilo lower with limited demand and prices for offshore offerings with prices 20p to 30p a kilo easier with substantial withdrawals.

A continuing gradual decline in tea prices was forecast by London trader Wilson Smithett & Co in a report published before yesterday's auction.

The high price of 1984 had led producers to harvest maximum crops, which had often lowered the standard of the tea. In many recent sales the greater weight of low medium and plainer teas had depressed prices the company said.

Stocks were adequate at present, particularly in the UK where stocks stood at 55,285 tonnes, compared with 47,689 tonnes at the same time last year.

Output this year was running above that of 1984, with production in January and February estimated at 5m kilos higher than last year. World supply seemed adequate to meet demand, although it was unclear how much tea India would retain for domestic needs.

British auction prices decline seasonally in the middle of the year, and until stocks of plainer teas have been absorbed, so the lower trend would probably continue, the report said.

However, many producers, concerned over lower prices, are aiming to improve plucking standards and the manufacturing process, which could lead to reduced but better crops.

Copper supply squeeze tightens

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES advanced on the London Metal Exchange yesterday as the "squeeze" on supplies immediately available to the market tightened. The cash price for higher grade copper closed £17 up at £1,186 a tonne, increasing its premium over the three months quotation, which gained £14.25 to £1,155.75.

Dealers said the market opened on an uncertain note, with three months copper trading at a low of £1,143, but then substantial buying interest in cash copper emerged, driving the whole market higher.

Although the New York market (Comex) opened lower than expected, the easier trend in sterling, coupled with sustained cash buying, pushed the three months price to £1,162 in late afternoon kerb trading, while the cash price rose to a £40 premium.

News that LME warehouse stocks of copper rose last week for the second week running made little impact, since a small increase had been anticipated. Meanwhile, rumours persist that a shipment of some 20,000 tonnes of copper from Europe has been booked to go to China shortly from Liverpool and this is fuelling the recent strong advance in the cash price.

The rise in LME warehouse stocks was overshadowed by figures from the European Zinc Institute estimating that non-Communist world stocks of primary zinc smelters fell in March to 359,000 tonnes from 388,900 in February. This was, however, above the March 1984 stocks of 344,000 tonnes.

World zinc production is said to have risen to 410,000 tonnes in March from 381,000 in February. Output in March 1984 was 412,600 tonnes.

Rumours of a possible force majeure declaration by Peru helped lift three months zinc.

The continued decline in aluminium stocks held in LME warehouses also had little effect on prices. However, the market was encouraged by the latest figures from the International Primary Aluminium Institute, issued yesterday, which showed a decline in production in the non-communist world.

● Reuter reported from Melbourne that South Korea's Hyundai Corporation will not participate in the Portland aluminium smelter in western Victoria with the state government and Alcoa of Australia.

Victoria's Premier, Mr John Cain, and Alcoa managing director Mr John Deidrich said discussions over Hyundai's proposed 10 per cent stake in the $1.15bn smelter had ended.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending April 19)

	(tonnes)	
Aluminium	−2,750 to	108,650
Copper	+2,150 to	90,700
Lead	−2,550 to	44,100
Nickel	+168 to	4,518
Tin	−195 to	21,020
Zinc	+2,400 to	39,650
	(ounces)	
Silver	−350,000 to	53,106,000

Coffee deal greeted with scepticism

By Our Commodities Staff

LAST WEEK'S decision by members of the International Coffee Agreement (ICA) not to sell coffee to non-members more cheaply than to members was received with some scepticism by London coffee traders yesterday.

The move was unlikely to make a lasting difference to trading practices, said one dealer. But it would spell economic disaster for some exporters who used inflated prices charged to members under the agreement to subsidise sales to non-members in order to boost foreign exchange earnings.

He attributed yesterday's futures market price rise to rumours that Brazil would soon suspend export registrations end to the fact that prices last week reached a level which, if sustained for 15 days, would result in a cut in total export quotas of 1m bags (60 kilos each). He said the market had become heavily oversold recently, largely because of enthusiastic Brazilian selling.

At last week's ICA talks, producers agreed not to accept sales contracts from April 22 for coffee exports to non-members at a price lower than that for coffee with the same specifications sold to a member. Compliance will be monitored by a special committee open to members of the International Coffee Organisation executive board.

Thais seek new tapioca pact

THAILAND is to negotiate new tapioca export quotas with the EEC before the current export restraint agreement expires in December 1986.

The current agreement puts a two-year ceiling on Thai tapioca exports to the EEC at 10.5m tonnes for 1983 and 1984. The limit is 9.45m tonnes for 1985 and 1986.

Tapioca exported under the quotas is subject to 6 per cent import duty. Any excess has to pay a 25 per cent levy.

Sukit Wanglee, president of the Thai Tapioca Trade Association, said Thailand hoped to obtain higher quotas under a new agreement, but it has not yet been decided how much. Thailand sends 90 per cent of its exports to the EEC.

Reuter

Why Ministry vets are vital

Farmers' Viewpoint: John Cherrington on the threat to close some Veterinary Investigation Centres

ON THE DAY the Ministry of Agriculture announced the possible reorganisation of Veterinary Investigation Centres into fewer units, I took some dead lambs to our local unit at Winchester—one of the candidates for closure. Its work would be transferred to Tunbridge Wells, 100 miles to the east.

This is not a selfish request to stay the execution of my local centre—I would with bad grace motor to Tunbridge Wells or even to Launceston, 130 miles to the west, if necessary. But I hope that neither I nor my successors will have to. For the work of the VICs in protecting animal health is vital.

This is not to denigrate local private veterinary practices, but they are unlikely to have the diagnostic facilities available at the VICs. It is usual for private vets to refer to the Ministry if their experience does not cover a particular problem.

Farmers, by the way, are not good customers of the veterinary profession. Most vets depend on work provided by the dogs, cats and horses of modern urban dwellers.

There have been profound changes in attitudes to farm animal health in the past 50 years. I remember asking my first employer in New Zealand if I should get the vet for a cow which was very sick. "Do you know what that would cost boy?" he growled. "Put a bullet through its head and feed it to the dogs." This proved wise counsel. I afterwards learnt that the cure for that particular problem had not then been found.

Few farmers worry much about individual deaths or cases of sickness. One old farmer used to say that you could not have livestock without deadstock. The approach is to take precautionary measures against known hazards and undertake mass cures when infection sweeps through concentrations of animals.

Many years ago sheep farmers were saddened by unexplained deaths of lambs at about one month old. The lambs were usually the best in the fields. On being opened up wool balls were found in the stomachs. Obviously while suckling they had pulled the wool off the ewes. They also had softened kidneys. So the disease was called pulpy kidney, or wool balls.

Then it was found that the condition was caused by a virus, clostridiae, and we used to vaccinate all the lambs to prevent it. This worked well and deaths, which could amount to 10 per cent in a flock, became negligible. Since then a vaccine has been developed for ewes and pulpy kidney and several allied diseases are controlled fairly effectively.

The lambs I had taken to be examined had been part of a flock of about 250 ewes and were three or four weeks old. Even though the weather had not been kind, the lambs had been growing and had not appeared to be too bad. But we had begun picking up one or two a day dead. The first few had shown no symptoms while alive, then one or two had looked sick. The vet said there was a good deal of disease called coccidosis about.

This was confirmed by the VIC from postmortems. Within two days we were able to treat the lambs and they should now be all right. But the point is that the condition could have been due to other causes, a common one would be salmonella. This could not have been diagnosed by eye and experience.

I also have a closed herd of pigs. I never buy in a live pig but use artificial insemination to bring in fresh blood. This strategy aims to make it impossible to bring in infections. I use antibiotics sparingly in the event of a breakdown and then only after the strain of infection has been identified. Here again the VIC has proved invaluable in diagnosing the cause of the problem.

It could be argued that private firms could do this work. In fact much research into animal disease has been by private interests. But their laboratories do not cover the country, which is essential as specimens for diagnosis need to be freshly dead.

Some people claim that today's mass production systems cause ill-health in animals. It is true the concentration of numbers helps spread disease, but the diseases themselves are not caused by it. From my experience I am sure that farm animals today are far healthier than they were even just before the war, which must be to everyone's benefit.

Higher rubber values demanded

BY WILLIAM DULLFORCE IN GENEVA

A DEMAND from South-east Asian countries for a rise in the price of natural rubber to cover the growing costs of small producers dominated the UN Conference on Natural Rubber here yesterday.

At the opening session, Mr Wong Choon of Malaysia, which supplies nearly half world exports of natural rubber, underlined the "socio-economic importance" of small producers, who account for the bulk of world output.

On the consumer's side, Mr Oswald van Wauwe spelt out the EEC view that negotiations should not result in "changes in the structural elements" of the agreement, which has stabilised world prices for the past five years.

The 1979 International Natural Rubber Agreement is seen as one of the most successful of the commodity schemes worked out by the United Nations Conference on Trade and Development (Unctad). It is due to expire in October.

Mr Choon, while acknowledging that the agreement has succeeded in "correcting" price falls, said yesterday that "ambiguities, rigidities and inconsistencies" in it needed to be overcome.

In negotiating a renewal of the agreement, the conference also has to deal with proposals for new measures to supplement the present method of using a buffer stock to stabilise prices.

Mr Peter Lai of Malaysia, the executive chairman of the International Tin Organisation, was elected chairman of the conference. Producers and consumers later held separate caucus meetings to co-ordinate policies and to decide on nominations to an executive committee. The conference could last three weeks.

Tax advantages make Ireland's bloodstock industry a good bet

BY BRENDAN KEENAN IN DUBLIN

THE CONCESSIONS in the recent Irish Finance Bill to owners of thoroughbred stallions were a measure of how important the bloodstock industry has become to the Irish economy, and the importance of Ireland's tax breaks in keeping that industry flourishing.

Fees earned from stallions have been exempt from income tax since the late 1960s, but it was only in the past 10 years, with the enormous increase in the value of thoroughbreds, that the importance of this concession has been fully appreciated. A top stallion can earn over £4m in a season, covering up to 50 mares, and many Irish investors have been looking to horseflesh as a tax efficient vehicle with high risks but high rewards.

Some had also spotted a loophole in the regulations, which allowed fees from any stallion to qualify for the reliefs. This meant that earnings, dividends or capital gains from an investment in a stallion at stud anywhere in the world were exempt from the normally onerous Irish tax rates.

Mr Alan Dukes, the Finance Minister, proposed in January's budget that relief should apply only to horses at stud in Ireland. Industry representatives argued that this was too sweeping a restriction, given the close international network of the top thoroughbred industry.

Owners of mares will often take a share in a stallion as a way of saving on fees of up to £100,000 a time, and of securing the services of a particular stallion. The Irish industry argues that many leading foreign owners keep their mares in Ireland because they can benefit from the tax reliefs.

Ireland's lime-rich pastures and mild winters do provide natural advantages for breeding horseflesh, but people like Mr Jonathan Irwin, managing director of Goff's sales ring, have no doubt that the expansion of the industry in recent years has to do with the favourable taxation climate as well. Goff's turnover has increased from I£2m in 1974 to over I£40m last year, reflecting both the growing number and the increasing quality of horses bred in Ireland.

Peter Blackburn on a blow to Chad's chief export

Cotton setback for poorest nation

CIVIL WAR and drought in Chad's cotton growing southern region will this year cause a sharp drop in the cotton crop, the country's main export earner, according to industry forecasts.

Cotton normally accounts for 75 per cent of Chad's official export earnings and the poor crop will be a further setback to the world's poorest country which has an annual per capita income of only $80.

The 1984-85 crop is expected to total about 90,000 tonnes compared with 158,000 tonnes the previous season.

Taxes on cotton fibre exports are expected to fall to CFA 2.7bn ($5.5m) from CFA 5.5bn in 1983-84.

However, the State-controlled Societe Cotoniere Du Chad (Coton Chad), the country's largest company, is optimistic about cotton's prospects.

"Security has improved in the south, and given better rains, we aim to produce 160,000 tonnes next year," Coton Chad's director general, Andre Chabannes, said.

Coton Chad, in which France's Compagnie Francaise de Developpement Des Textiles (CFDT) has a 17 per cent interest, aims to expand output to 200,000 tonnes by 1990 and restore Chad as francophone Africa's main cotton grower.

Coton Chad's optimism stems from President Hissein Habre's recent successful tour of three important cotton producing provinces in the south which has been virtually sealed off in recent months.

After the tour the President announced that 3,800 rebel codos (commandos) had rallied to the Government.

Although the fighting disrupted cotton planting, harvesting and transport, drought was also an important reason for the sharp fall in output, according to Mr Chabannes.

Despite these problems, Coton Chad is pressing ahead with a three-year CFA 13bn investment part funded by France's Caisse Centrale De Cooperation Economique and the World Bank.

Some 25 per cent of investment is being spent on modernising cotton processing factories.

Chabannes strongly denied claims that famine in parts of the south was due to farmers abandoning food crops in favour of more profitable cotton.

"The food shortages are the result of fighting and drought. There is plenty of land to grow both food and cotton," he said.

Farmers have been increasingly attracted to cotton by favourable producer prices. Cotton is also more drought resistant and requires less fertilisers and pesticides.

However, after this year's experience Chad farmers will be careful to balance their crops so as to ensure adequate food supplies for subsistence needs at least.

LONDON MARKETS

COFFEE futures values completed a strong performance yesterday with a late rally which left nearby positions at or near the day's highs.

Sterling's weakness pushed prices higher early in the day and a further slide in the pound was seen as the main reason for the coffee market's late strength, which left the July futures quotation £63.50 up on the day at £2,091 a tonne. Suggestions that Brazil might soon halt export registrations, after a period of keen selling, and that a cut in International Coffee Agreement export quotas might be triggered unless prices rose also encouraged the rise.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Apr. 22 1985	+ or −	Month ago
Aluminium	£1100	......	£1100
Free Mkt	$1150/170	......	$1125/145
Copper			
Cash h Grade	£1186	+17	£1185.5
3 mths	£1155.75	+14.25	£1206.75
Gold troy oz	$328.5	+1.25	$315.75
Lead Cash	£304.5	+9	£361.5
3 mths	£304.75	+5.5	£310.75
Nickel			
Free Mkt	242/272c	......	258/288c
Palladium oz	$111.50	......	$112.30
Platinum oz	$287.75	+1	$268.95
Quicksilver†	$280/290	......	$285/295
Silver troy oz	499.90p	+4.45	536.35p
3 mths	514.15p	+4.70	555.55p
Tin cash	£9240	−77.5	£9251
3 mths	£9255.5	−60	£9575
Tungsten	$77.70	......	$75/70
Wolfram 22.04lb	$74/76	......	$75/79
Zinc	£697	−9	£771
3 mths	£691	+2	£749.75
Producers	$960	......	$900/940

OILS	Apr. 12 1985	+ or −	Month ago
Coconut (Phil)	$787.5w	......	$840
Palm Malayan	$650y	......	$660
SEEDS			
Copra Phil	$490w	......	$505
Soyabean (U.S.)	250.5	+1	$255
GRAINS			
Barley Fut. Sep	£98.75	−0.05	£98.40
Maize	£151.00	—	£151.00
Wheat Fut. July	£122.50	−0.50	£123.00
No. 2 Hard Wint.	‡	—	‡
OTHERS			
Cocoa Ft. July	£1900	+2.5	£2072.5
Coffee Ft. July	£2091	+65.5	£2512.5
Cotton A Index	56.05c	+0.05	57.35c
Gas Oil May	$228.75	+0.5	$250.75
Rubber (kilo)	55p	−0.25	57p
Sugar (raw)	$101wz	−1	$116
Wooltops 64s	456p	−7	507pkilo

‡ Unquoted. w April-May. z June. y May. † Per 76-lb flask. c Cents a pound.

INDICES

FINANCIAL TIMES

April 19	April 18	M'th ago	Year ago
292.24	292.17	297.79	309.36

(Base: July 1 1952 = 100)

REUTERS

Apr. 22	Apr. 19	M'th ago	Year ago
1270.5	1268.5	1996.4	2007.5

(Base: September 18 1931 = 100)

MOODY'S

Apr. 19	Apr. 18	M'th ago	Year ago
951.9	921.0	955	1,074.8

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Apr. 19	Apr. 18	Month ago	Year ago
Spot	119.99	119.21	120	140.9
Fut.	123.19	122.98	124.5	144.15

(Base: December 31 1974 = 100)

OIL

Gulf grades eased and Brent hovered around Friday's level in thin trade. Nymex rose 39c in the May position by noon EST. In the petroleum products market gas oil prices firmed slightly, mainly due to strong heating oil prices in New York. Heavy fuel prices weakened slightly with little demand reported—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—May		
Arab Light	27.55-27.65	−0.05
Arab Heavy	26.25-26.35	−0.05
Dubai	26.45-26.55	−0.075
Brent Blend	27.75-27.80	—
W.T.I. (1pm est)	28.65-29.75	+0.55
Forcados (Nigeria)	28.00-28.12	+0.075
Urals (cif Med)	27.35-27.65*	−0.05
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	282-284	—
Gas Oil	230-232	+1
Heavy fuel oil	136-157	−1.5

*April

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or −	Business Done
	$ U.S. per tonne		
April	236.75	+0.75	231.00-30.25
May	229.75	+0.50	231.00-29.25
June	225.00	+1.75	225.50-25.75
July	225.50	+0.75	224.00-25.25
Aug	225.25	+0.25	225.25
Sep	226.75	+0.75	225.70-26.25
Oct	226.00	−1.00	—

Turnover: 1,632 (1,143) lots of 100 tonnes.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grade	£	£	£	£
Cash	1182-7	+6.5	1185-7	+17
3 months	1150-2	−4.5	1155.5-6	+14.2
Settlem't	1187	+7	—	—
Cathodes				
Cash	1160-5	−3.25	1160-5	+16.9
3 months	1159.5	−10.5	1157-60	+15.0
Settlem't	1165	−7	—	—

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1,180, 81, 84, 85, 86, 88, three months £1,148, 48.5, 49, 50, 51, 52. Cathodes: Three months £1,152. Kerb: Higher Grade: Three months £1,153, 54, 55. Afternoon: Higher Grade: Cash £1,180, 81, 84, 85, 86, 85, three months £1,158, 59, 60, 61, 60, 49, 50, 51, 52. Cathodes: Three months £1,152. Kerb: Higher Grade: Three months £1,156, 57, 58, 59, 60, 61, 62. Turnover: 15,975 tonnes. U.S. Producers: 72-74 cents a pound.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grade	£	£	£	£
Cash	9265-70	−70.0	9235-45	−77.5
3 months	9260-70	−35.0	9250-1	−58.5
Settlem't	9270	−70.0	—	—
Standard				
Cash	9265-70	−70.0	9235-45	−77.5
3 months	9245-50	−35.5	9255-5	−60.0
Settlem't	9270	−70.0	—	—
Straits E.	$29.30		—	—

Tin—Morning: Standard: Cash £9,270, 75, three months £9,310, 9,300, 290, 80, 86, 50, 60, 55, 50. Kerb: Standard: Three months £9,235, 25, 30. Afternoon: Standard: Cash £9,270, 75, three months £9,220, 90, 80, 60, 50, 60, 55, 50. Kerb: Standard: Three months £9,280, 54. Turnover: 2,245 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	301.5-2	+4.75	304-5	+8.2
3 months	301.5-2	+3.75	304.5-5	+5.5
Settlem't	302	+4.5	—	—

Lead—Morning: Three months £302, 1.5. Afternoon: Three months £303, 04, 05, 04.5, 05, 02, 01.5. Kerb: Three months £306, 07, 06.5. Turnover: 7,600 tonnes. U.S. Spot: 20-22 cents a pound.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	694-6	−1.75	696-8	−2
3 months	689-9	+1.5	690-2	+2
Settlem't	696	−1.0	—	—

Zinc—High Grade Official / Unofficial prices: Cash am £715-£719, pm £716-£719. Three months am £710-£714, pm £712-£715. Settlement: £719. Morning: Three months £693, 92, 88, 89. Kerb: Three months £690. Afternoon: Three months £690, 92, 88, 89. Kerb: Three months £694, 95, 96. Turnover: 8,275 tonnes. U.S. Prime Western: 45.50-45.75 cents a pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	876-1	+5.0	859-70	−5.0
3 months	886-7	+6.0	890-1	+8.0

Aluminium—Morning: Three months £886. Kerb: Three months £886. Afternoon: Three months £886, 85.5, 85, 86. Kerb: Three months £890, 91, 91.5, 92, 93, 94, 94.5, 94, 93.0, 94. Turnover: 15,200 tonnes.

GOLD

Gold rose $1¼ to $328¾-$329¼ in quiet trading on the London bullion market yesterday, waiting for a new trend to develop in the dollar. There were no new factors, ahead of some further U.S. statistics today, with the late surge in the dollar, above DM 3.00, coming too late to influence London trading. Gold opened at $327½-$328, and was fixed at $328.10 in the morning and $327.75 in the afternoon. It touched a peak of $328¾-$329¼ and a low of $327¼-$327¾.

GOLD BULLION (fine ounce) Apr. 22

Close	$328¾-329¼	(£265½-266)
Opening	$327½-328	(£264¾-265¼)
M'n'g fix	$328.10	(£264.440)
Aft'n'n fix	$327.75	(£264.565)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$336-338½	(£263¾-264¼)
½ Krug	$174¼-174¾	(£136-136½)
¼ Krug	$89-91½	(£68½-69¼)
1/10 Krug	$35½-37	(£28½-29)
Mapleleaf	$336¼-338¾	(£264-264½)
New Sov.	$77½-80	(£60½-61)
½New Sov	$47¼-47¾	(£37-37¼)
Old Sov.	$78½-80	(£61½-63)
$20 Eagle	$440-460	(£343½-374¼)
Noble Plat	$297-300½	(£251-255½)

SILVER

Silver was fixed 4.45p an ounce higher for spot delivery in the London bullion market yesterday at 499.9p. U.S. cent equivalents of the fixing levels were: spot 644.1c, up 3.95c; three-month 656.85c, up 4.25c; six-month 702.25c, up 6.8c. The metal opened and closed at 499½-502½p (642-645c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	499.90p	+4.45	500.5p	+1
3 months	514.15p	+4.70	515.75p	+0.25
6 months	528.90p	+5.95	—	—
12 months	554.90p	+6.45	—	—

LME—Turnover: 37 (9) lots of 10,000 oz.

Morning: untraded. Kerb: three months 515. Afternoon: 2nd ring three months 514.6. Kerb: untraded.

NICKEL

NICKEL	a.m. Official £	+ or − £	p.m. Unofficial £	+ or −† £
Spot	4303-5	−1	4323-33	+65.5
3 months	4255-40	−20	4260-5	−10

Nickel—Morning: Cash £4,300, 10, 05, three months £4,235, 40. Afternoon: Cash £4,300, 10, 05, three months £4,245, 35, 40. Kerb: Three months £4,270. Turnover: 1,098 tonnes.

COCOA

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
May	1899-1902	−8.5	1906-1889
July	1899-1901	+9.5	1914-1890
Sept	1851-1863	+15.0	1875-1842
Dec	1801-1804	+17.0	1808-1786
Mar	1801-1803	+16.0	1802-1787
May	1804-1808	+7.5	1804-1792
July	1796-1815	—	—

Sales: 2,901 (2,922) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for April 19: 100.10 (102.88); five-day average for April 22: n/a (103.11).

COFFEE

Following a steady New York close and slightly lower sterling the market opened £22 higher, reports Drexel Burnham Lambert. Gains were extended during a quiet afternoon as a firm New York market encouraged a £20-£30 rally in moderate volume.

COFFEE	Yesterd'ys Close	+ or −	Business Done
May	2044-50	+69.0	2050-05
July	2090-92	+63.5	2098-47
Sept	2136-38	+54.5	2139-90
Nov	2156-58	+60.0	2160-17
Jan	2162-63	+65.5	2165-87
March	2140-45	+50.0	2150-20
May	2135-35	+45.0	—

Sales: 2,376 (2,839) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for April 19: Comp. daily 1979 130.15 (129.10): 15-day average 131.96 (132.21).

POTATOES

Old crops fell £2.00 in quiet trading. New crops also came under pressure, as continuing fine weather allows growers to catch up on planting, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
April	49.00	51.00	48.80-47.00
May	53.00	55.00	54.00-52.70
Nov	68.60	70.30	69.50-68.80
Feb	77.00	79.00	70.00
Apr	93.50	94.50	93.70-92.70

Sales: 203 (729) lots of 40 tonnes.

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterdys close	+ or −
May	119.50	−0.50	116.15	—
July	199.50	−0.50	—	—
Sept	99.50	+0.05	98.75	+0.05
Nov	102.60	+0.05	102.30	—
Jan	106.30	+0.05	106.75	—
Mar	109.60	—	109.05	—

Business done—Wheat: May 119.10-9.50, July 123.10-2.50, Sept 99.50-9.40, Nov 102.60-2.45, Jan 106.30-6.25, Mar 109.50 only. Sales: 1,107 lots of 100 tonnes. Barley: May 115.50-5.10, Sept 98.75 only, Nov 102.30 only, Jan and Mar untraded. Sales: 48 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 15 per cent spot 155.50, April/May 146.70, June 146.35, July 145.50 transhipment east coast. U.S. no 2 soft red winter May 143.80, July 131.25, Aug 131.50, Sept 133.25 transhipment east coast. EC French July 119 cif free out south/west coast. English feed April 123, May 124.50, Sept 101.50, Oct/Dec 105.50 sellers east coast. Maize: U.S. no 3 yellow/French transhipment east coast April 151. Barley: English feed fob April 117.50, May 119, Aug 98, Oct/Dec 106.75 sellers east coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Scotland 114.00. The UK monetary coefficient for the week beginning Monday April 29 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

PIGMEAT

Prices closed on a weaker note in thin trading conditions, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
June	103.00	103.30	103.10-102.60
Aug	100.10	100.00	100.10-99.70
Oct	106.60	106.00	—
Nov	106.00	106.40	106.00-105.50
Feb	99.00	98.80	99.00-98.90
April	99.80	99.40	—

Sales: 49 (187) lots of 50 carcases, 3,250 kg.

RUBBER

PHYSICALS—The London market opened easier, saw little movement throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers) spot 55.00p (same); May 65.75p (same); June 66.25p (same). The Kuala Lumpur fob price for RSS No 1 was 190.75 (191.75) cents a kg and for SMR 20 was 191.5 (192.5).

SOYABEAN MEAL

The market opened 50p easier in dull trade, reports T. G. Roddick. Prices steadied on weaker sterling.

	Yesterday close	+ or −	Business Done
	£ per tonne		
April	—	—	—
June	124.5-124.8	−0.35	145.0
August	122.5-125.5	+0.25	125.5-124.8
October	125.2-125.4	−0.25	130.2-122.8
Dec	129.5-129.9	−0.30	129.6
Feb	134.5-135.5	−0.10	—
Apr	135.5-137.9	+0.10	—

Sales: 629 (734) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $101.00 (£78.50), down $1.00, (down 50p) a tonne for April-May-June delivery. White sugar $138.50, up $3.00.

Despite scale-down trade buying, selling from commission houses pushed all months to new life-of-contract lows, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
May	101.2-101.4	104.2-104.8	104.2-101.0
Aug	110.2-108.6	110.5-110.0	113.8-108.0
Oct	112.2-112.4	114.2-114.8	114.4-111.8
Dec	117.6-118.8	120.8-122.0	118.2
Mar	130.4-130.8	133.0-133.2	132.6-130.9
May	136.0-137.2	138.8-139.8	—
Aug	142.0-144.0	143.6-144.4	—

Sales: 1,409 (2,386) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £186.00 (£186.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for April 19: Daily price 3.29 (3.32); 15-day average 3.59 (3.61).

OTHER MARKETS

JUTE

JUTE—April/May shipment c and f Dundee BTC $950, BWC $945, BTD $925, BWD $920; c and f Antwerp BTC $950, BWC $945, BTD $925, BWD $920; c and f Dundee ex-India April shipment 40 in 10 oz £27.00, 40 in 7.5 oz £20.16; B Twills £71.56.

MEAT

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 74.0 to 81.0; English hindquarters 98.0 to 102.0, forequarters 46.0 to 50.0. Veal—Dutch hinds and ends 124.0 to 127.0. Lamb—English small (new season) 124.0 to 128.0, medium (new season) 120.0 to 128.0, heavy (new season) 118.0 to 126.0; Imported: New Zealand PL (new season) 67.0 to 68.5, PM (new season) 67.0 to 68.0, PX (new season) 65.5 to 66.5. Fat sheep—English 98.0 to 106.0. Pork—English under 100lb 47.0 to 58.5, 100-120 lb 50.5 to 54.5, 120-160 lb 40.0 to 46.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.45p per kg lw (+0.38). GB—Sheep 246.36p per kg est dcw (−7.33). GB—Pigs 78.29p per kg lw (+0.02).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 637.0, 640.0, 637.0; July 660.0, 663.0, 660.0; Oct 633.0, 638.0, 635.0-633.0; Dec 640.0, 642.0, 640.0-638.0; Mar 644.0, 645.0, 645.0; May 660.0, 650.0, 651.0-648.0; July 660.0, 670.0, untraded; Oct 625.0, 650.0, u/t. Sales: 47.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 511, 513, 512-511; Aug 530, 535, nil; Oct 533, 538, 535; Dec 534, 538, 536; Jan 536, 539, 538-537; Mar 546, 546, 547; May 551, 554, 553; Aug 563, 565, 565; Oct 565, 569, 567. Sales: 11.

PARIS

SUGAR—(FFr per tonne): Aug 1270/1275, Oct 1289/1290, Dec 1335/1350, Mar 1410/1420, May 1455/1475, Aug 1520/1545.

COCOA—(FFr per 100 kg): May 2203/2205, July 2200 bid, Sept 2150/2160, Dec 2070/2080, Mar 2090 ask, May 2065/2100, July 2100 ask.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Short covering lifts dollar

Covering of short positions taken oot as the dollar plunged last week, helped the U.S. currency stage a small recovery in rather quiet foreign exchange trading yesterday. There was no change in general sentiment surrounding the dollar after last week's disappointing revision to U.S. first quarter Gross National Product growth, while dealers also noted that the Federal funds rate in New York fell to 7⅜ per cent before the London close, amid continued speculation about an easing of Federal Reserve monetary policy and a possible cut in the U.S. discount rate from 8 per cent. On the other hand monetary growth is expected to be strong during the next two months and a rebound in economic growth is also anticipated, while the U.S. authorities may be reluctant to encourage lower interest rates ahead of a Treasury refunding package early next month.

Further evidence on the health of the economy will be provided by consumer prices and durable goods orders today. In a market dominated by short covering the dollar rose to DM 3.0110 from DM 2.9730; FFr 9.1950 from FFr 9.08; SwFr 2.4935 from SwFr 2.4705; and Y248.55 from Y247.10.

On Bank of England figures the dollar's index rose to 143.3 from 142.7.

STERLING — Trading range against the dollar in 1985 is 1.2940 to 1.0525. March average 1.1260. Exchange rate index fell 0.2 to 79.3. It opened at 79.2 and showed very little movement throughout.

Sterling lost ground to the stronger dollar, but improved slightly against the EMS block of currencies. Expectations of a steady decline in London interest rates tended to undermine demand for the pound, while nervousness grew ahead of another meeting of Opec ministers in Geneva, at a time when oil prices can be expected to weaken seasonally. Sterling fell 1.65 cents to $1.2770-1.2780, and also declined to SwFr 3.1850 from SwFr 3.1950 and Y317.50 from Y319.75, but rose to DM 88.29 per 100 guilders from DM 88.315; and the French franc to DM 32.735 per 100 francs from DM 32.740. DM 3.8475 from DM 3.8450 and FFr 11.77 from FFr 11.7575.

D-MARK — Trading range against the dollar in 1985 is 3.4610 to 2.9730. March average 3.2972. Exchange rate index 123.0, against 121.2 six months ago.

The D-mark weakened against the dollar in dull, but nervous foreign exchange trading. The dollar finished in Frankfurt at DM 2.9876, compared with DM 2.9782 on Friday, waiting for a new trend to develop. A further indication of U.S. economic developments may be provided by today's figures on consumer prices and durable goods orders. West German trade and current account data is also expected this week. The Bundesbank did not intervene when the dollar was fixed at DM 2.9815 in Frankfurt, compared with DM 2.9795. Other major currencies tended to lose ground to the D-mark at the fixing, with sterling falling to DM 3.8390 from DM 3.8450; the Swiss franc to DM 1.2014 from DM 1.2020; the guilder to

STERLING INDEX

	April 22	Previous
8.30 am	79.2	79.6
9.00 am	79.3	79.4
10.00 am	79.2	79.5
11.00 am	79.2	79.3
Noon	79.2	79.4
1.00 pm	79.2	79.4
2.00 pm	79.3	79.4
3.00 pm	79.2	79.4
4.00 pm	79.3	79.5

£ IN NEW YORK

	April 22	prev. close
£ Spot	$1.2775-1.2785	$1.2980-1.2975
1 month	0.47-0.45pm	0.47-0.45pm
3 months	1.19-1.15pm	1.18-1.14pm
12 months	2.60-2.30pm	2.40-2.30pm

Forward premiums and discounts apply to the U.S. Dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.0789	+0.40	+0.50	±1.5522
Danish Krone	8.14104	8.05061	−1.11	−1.01	±1.6418
German D-Mark	2.24184	2.23601	−0.26	−0.15	±1.1475
French Franc	6.87456	6.83060	−0.64	−0.54	±1.3689
Dutch Guilder	2.52595	2.53270	+0.27	+0.37	±1.5171
Irish Punt	0.72569	0.715148	−1.45	−1.35	±1.6703
Italian Lira	1403.49	1429.08	+1.82	+1.82	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

April 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2760-1.2925	1.2770-1.2780	0.49-0.46c pm	4.46	1.21-1.16	3.18
Canada	1.7265-1.7390	1.7265-1.7318	0.45-0.36c pm	2.81	1.14-1.00 pm	2.48
Nethlnd.	4.34-4.37	4.35¾-4.36¾	2¼-2c pm	6.20	6⅛-5¾ pm	5.39
Belgium	77.24-77.80	77.55-77.65	23-18c pm	3.17	53-44 pm	2.50
Denmark	13.79-13.89	13.79-13.80	4-3⅞ore pm	3.10	9½-8 pm	2.48
Ireland	1.2270-1.2325	1.2310-1.2320	0.09p pm-0.07 dis	5.10	.21pm-.21dis	—
W. Ger.	3.83-3.85¾	3.84¾-3.85¾	2⅝-2½pf pm	7.02	6¾-5⅞ pm	6.20
Portugal	200¼-221½	216-220	145-535c dis	−18.72	500-1530dis	−18.67
Spain	214-216¾	215¾-216¾	5-25c dis	−0.83	85-120 dis	−1.90
Italy	2448¾-2464	2454-2456	1lire pm-2 dis	−0.24	8-11 dis	−1.38
Norway	11.14½-11.21	11.14½-11.15½	½ore pm-½ dis	−0.13	½-7½ dis	−0.34
France	11.69¾-11.78¾	11.76½-11.77½	2½-1¼c pm	2.17	6¼-4½ pm	1.57
Sweden	11.22-11.30½	11.22-11.23	⅛-7ore dis	−0.60	3½-4½ dis	−1.43
Japan	317-320	317-315	1.80-1.60y pm	6.43	4.70-4.55 pm	2.83
Austria	26.90-27.10	27.01-27.09	13¼-12gro pm	5.60	34⅞-31½ pm	4.91
Switz.	3.1785-3.2050	3.18-3.19	2¼-1⅞c pm	7.54	5⅝-5⅛ pm	6.91

Belgian rate is for convertible francs. Financial franc 77.40-77.55.
Six-month forward dollar 1.80-1.85c pm. 12-month 2.50-2.35c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2760-1.2925	1.2770-1.2780	0.49-0.46c pm	4.46	1.21-1.16 pm	3.18
Ireland†	1.0365-1.0505	1.0385-1.0400	0.43-0.33c pm	4.35	1.12-0.82 pm	3.70
Canada	1.3473-1.3517	1.3475-1.3485	0.16-0.19c dis	−1.56	0.37-0.42dis	−1.17
Nethlnd.	3.3690-3.4110	3.4095-3.4105	0.44-0.41c pm	1.51	1.49-1.45 pm	1.74
Belgium	60.00-60.70	60.50-60.60	6-7c dis	−1.30	15-17 dis	−1.06
Denmark	10.70¾-10.84	10.83½-10.84	¾-1¼ore dis	−1.12	2¼-2¾ dis	−0.93
W. Ger.	2.9740-3.0140	3.0105-3.0115	0.69-0.64pf pm	2.67	2.07-2.02 pm	2.74
Portugal	169-172	170½-172	175-475c dis	−22.64	550-1350dis	−22.25
Spain	166.42-168.80	168.00-168.30	60-68c dis	−4.59	205-230 dis	−5.20
Italy	1903-1922½	1918½-1919½	7½-8lire dis	−4.87	24½-25½dis	−5.19
Norway	8.65¾-8.74	8.73½-8.74	3-3½ore dis	−4.49	8½-9 dis	−4.03
France	9.08½-9.20	9.19½-9.19¾	1.60-1.70c dis	−2.17	4.60-4.90dis	−2.09
Sweden	8.76-8.79¾	8.78½-8.79¾	3½-4ore dis	−5.13	10¾-11¼ dis	−5.01
Japan	247.20-248.60	248.50-248.60	0.48-0.44y pm	2.22	1.41-1.36 pm	2.23
Austria	20.91-21.13	21.07-21.10	2½-2¼gro pm	1.43	8½-6½ pm	1.48
Switz.	2.4740-2.4950	2.4930-2.4940	0.70-0.64c pm	3.23	2.07-2.01 pm	3.26

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 60.60-60.70.

OTHER CURRENCIES

Apr. 22	£	$		£ Note Rates
Argentina Peso	522.59-523.66	406.47-408.82	Austria	26.90-27.20
Australia Dollar	2.0220-2.0300	1.8750-1.5785	Belgium	77.45-78.25
Brazil Cruzeiro	6,159-6,191	4,790-4,810	Denmark	13.76-13.90
Finland Markka	8.0600-8.0800	6.2780-6.2800	France	11.57-11.78
Greek Drachma	165.08-169.83	129.15-131.86	Germany	3.82-3.88
HongKong Dollar	10.0150-10.0850	7.7795-7.7815	Italy	2435-2480
Iran Rial	118.50*	91.70*	Japan	318-322
KuwaitDinar(KD)	0.3860-0.3870	0.02998-0.29885	Netherlands	4.33-4.37
Luxembourg Fr	77.55-77.65	50.50-60.50	Norway	11.10-11.21
Malaysia Dollar	3.1660-3.1710	2.4600-2.4640	Portugal	215-223
New Zealand Dlr.	2.8100-2.8400	2.1905-2.1960	Spain	207-218
Saudi Arab Riyal	4.6430-4.6530	3.6093-3.6098	Sweden	11.22-11.33
Singapore Dollar	2.8290-2.8350	2.1976-2.1985	Switzerland	3.18-3.22
Sth African Rand	2.4385-2.4465	1.8816-1.9085	United States	1.26-1.30
U.A.E. Dirham	4.7230-4.7330	3.6720-3.6730	Yugoslavia	305-575

* Selling rate.
† Correction (April 19): Australian dollar-sterling rate was 1.9995-2.0095.

CURRENCY MOVEMENTS

Apr. 22	Bank of England Index	Morgan Guaranty Change %
Sterling	79.3	−10.8
U.S. dollar	143.3	+20.6
Canadian dollar	86.5	−5.8
Austrian schilling	113.7	+3.9
Belgian franc	90.0	−15.8
Danish Kroner	78.4	−5.2
Deutsche mark	123.0	+6.9
Swiss franc	143.1	+9.6
Guilder	112.8	+3.1
French franc	65.5	−18.4
Lira	45.7	−16.8
Yen	156.1	+11.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 22	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.779810	0.581353
U.S. $	8	1.00399	0.747350
Canadian $	9.75	*	1.00852
Austria Sch.	4½	21.0497	15.7014
Belgian Fr	11	60.3599	45.0789
Danish Kr	7	10.7703	8.05061
D'mark	4½	2.99340	2.23601
Guilder	5½	3.39148	2.53275
French Fr	9½	9.14838	6.83060
Lira	15½	1915.49	1429.08
Yen	5	248.558	185.487
Norway Kr.	8	8.70961	6.50688
Span'h Pta.	—	167.577	125.140
Swedish K.	2	8.80248	6.56866
Swiss Fr	4	2.49090	1.86015
Greek Dr'ch	20½	130.599	97.4294
Irish Punt	12¾	0.960756	0.715148

* C$/SDR rate for April 18: 1.34890.

EXCHANGE CROSS RATES

April 22	Pound Sterling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.278	3.848	317.5	11.77	3.188	4.358	2455.	1.729	77.50
U.S. Dollar	0.783	1.	3.011	248.6	9.195	2.494	3.410	1912.	1.355	60.55
Deutschemark	0.260	0.332	1.	82.52	3.059	0.828	1.133	631.1	0.448	20.17
Japanese Yen 1,000	3.150	4.024	12.11	1000.	36.07	10.03	13.72	7732.	5.445	244.4
French Franc 10	0.850	1.085	3.269	269.8	10.	2.706	3.702	2085.	1.469	65.93
Swiss Franc	0.314	0.401	1.201	99.69	3.695	1.	1.368	770.6	0.543	24.36
Dutch Guilder	0.229	0.293	0.883	72.86	2.701	0.751	1.	563.4	0.397	17.81
Italian Lira 1000	0.407	0.520	1.567	129.3	4.794	1.297	1.775	1000.	0.704	31.61
Canadian Dollar	0.579	0.739	2.225	183.6	6.807	1.842	2.520	1420.	1.	44.88
Belgian Franc 100	1.289	1.646	4.958	409.1	15.17	4.104	5.615	3164.	2.228	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	13¼-13⅝	7½-7⅝	8¼-9¾	5½-5⅝	1-1¼	5⅛-5¼	10⅛-10⅜	12½-13½	9¾-10¼	10-10¼	5⅞-6	9⅞-10
7 day's notice	13⅛-13⅝	8-8⅛	8⅞-15	5⅞-6⅛	11-11¼	5⅛-5⅝	10⅛-10⅜	11⅞-12½	9⅞-15⅛	9⅞-10⅛	6⅛-6⅜	2¼-9¾
Month	12⅞-12⅞	8⅞-8⅞	8⅞-9⅛	5⅞-6⅛	5-5⅛	5⅝-5⅞	10⅛-10⅜	12⅞-13⅝	9¾-10	9¾-10	6⅛-6⅜	9⅜-9⅞
Three months	12⅞-13⅛	8⅞-8⅞	9⅛-9⅛	6⅛-6¾	5⅛-5⅞	5⅞-5⅞	10⅛-10⅝	15¾-15⅞	10⅛-10⅜	9¾-10	6⅛-6⅜	9⅛-15
Six months	11⅞-11⅞	8¾-8⅞	9⅛-9⅛	6⅛-6¾	5¼-5⅝	5⅞-5⅞	10⅝-10¾	13⅞-14¼	10⅛-10⅜	9¾-10	5⅝-6⅛	9¾-10¼
One year	11½-11⅝	9⅛-9⅛	10⅛-10⅜	6⅛-6⅛	5¼-5⅝	5⅞-6⅛	10⅞-11	14⅛-15	10⅛-10⅜	10⅛-10⅜	5⅞-6⅛	10⅛-10¾

Asian $ (closing rates in Singapore): Short-term 8⅛-8¼ per cent; seven days 8⅛-8¼ per cent; one month 8⅛-8¼ per cent; three months 8½-8⅝ per cent; six months 8⅝-8⅞ per cent; one year 9⅛-9⅞ per cent. Long-term Eurodollars: two years 10⅛-10⅜ per cent; three years 10⅝-11 per cent; four years 11⅛-11⅜ per cent; five years 11¼-11½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen: others two days' notice.

MONEY MARKETS

UK rates slightly firmer in dull trading

Interest rates were a little higher in London yesterday in rather quiet trading. Changes from Friday were relatively small however and with sterling remaining very steady after an early downward correction, sentiment remained bullish for another reduction in clearing bank base rates. Three-month interbank money finished at 12⅝-12⅞ per cent compared with 12⅞-12⅝ per cent while three-month eligible bank bills were bid at 12⅝-12½ per cent compared with 11⅞ per cent. Overnight interbank money opened at 13-13¼ per cent and rose to 13½-13¾ per cent quite quickly. It touched a high of around 15 per cent before finishing bid at 14 per cent.

The Bank of England forecast a shortage of around £1,600m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £1,254m and the unwinding of previous sale and repurchase agreements a further £346m. In addition Exchequer transactions drained £200m. These were partly offset by a fall in the note circulation of £325m and banks' balances brought forward £75m above target.

To help alleviate the shortage, the Bank offered an early round of assistance which totalled £252m and comprised purchases of £143m of eligible bank bills in band 1 (up to 14 days) at 12⅝ per cent, £35m in band 2 (15-33 days) at 12½ per cent, £1m in band 3 (34-63 days) at 12½ per cent and £3m in band 4 (64-91 days) at 12 per cent. It also arranged sale and repurchase agreements on £70m of bills at 12½ per cent, unwinding on May 20. Further help was given in the morning of £408m, comprising purchases of £3m of eligible bank bills in band 1 at 12½ per cent, £139m in band 2 at 12½ per cent, £11m in band 3 at 12½ per cent and £4m in band 4 at 12 per cent. It also arranged further sale and repurchase agreements on £251m of bills at 12½ per cent, unwinding on May 20.

In the afternoon the Bank gave further help of £816m through purchases of £246m of eligible bank bills in band 1 at 12⅝ per cent and £104m in band 2 at 12½ per cent. It arranged sale and repurchase agreements on £258m of bills unwinding on May 14 and £208m unwinding on May 20, both at 12½ per cent. Late assistance came to £60m, making a total of £1,536m.

UK clearing banks base lending rate 12½-12¾ per cent since April 19

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Apr. 22 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	13-15	15¼	15¼-16½	12-13¾	—	—	—	—	—
2 days notice	—	—	15¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13-15¼	15⅛-13¼	13⅛	13	—	—	—	—	—
One month	12⅞-12¾	12⅞-12⅞	12⅞	13-13⅛	12⅝	12⅝	12¼	12⅞	12⅞-12⅞	12⅞
Two months	12⅞-12⅞	12⅞-12⅝	12⅝	12⅝	12	12⅞	11⅞	12⅞	12-12⅞	12⅞
Three months	12⅝-12⅝	12⅝-12⅞	12¼	12⅝	11⅞	11⅞	11⅝	12⅝-12⅝	11⅞-11⅞	12⅞
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—

MONEY RATES

April 22	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lombard	[illegible]							
Intervention		[illegible]						

FT LONDON INTERBANK FIXING

(11.00 a.m. April 22)

Three months U.S. dollars

bid 9 1/2 | offer 8 5/8

Six months U.S. dollars

bid 9 1/4 | offer 9 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]		
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years		[illegible]				
Three years		[illegible]				
Four years		[illegible]				
Five years		[illegible]				

ECGD Fixed Rate Export Finance IV: Average Rate of interest period March 6 to April 2 (inclusive): 12.619 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 14 per cent from April 1, 1985. London and Scottish Clearing Bank Rates for lending 12½-12¾ per cent. London Deposit Rates for sums at seven days' notice [illegible] per cent. Treasury Bills: Average tender rates of discount [illegible] per cent. Certificate of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 12 per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 11½ per cent; nine-12 months 11½ per cent. Under £100,000 11 per cent from April 22. Deposits held under Series 6 11½ per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	[illegible]
Broker loan rate	[illegible]
Fed. funds	[illegible]
Fed. funds at intervention	[illegible]

Treasury Bills

One month	7.50
Two month	7.70
Three month	7.73
Six month	7.94
One year	8.12

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FINANCIAL FUTURES

Quiet trading

Trading volume fell in yesterday's London International Financial Futures Exchange with most contracts confined to a narrow range. Sterling based instruments traded quietly in the morning, underpinned by continued expectations of an early cut in UK clearing bank base rates. Short dated contracts are already discounting a significant fall.

However there was still some underlying concern about last Friday's UK inflation figures. In the afternoon movements tended to reflect the fortunes of the U.S. bond market with the latter showing some signs of indigestion, exacerbated by the administrations latest refunding package. Sentiment improved towards the close as U.S. cash rates opened lower and prices finished towards the best level of the day, mainly on short covering.

Euro-dollars were a little more lively, helped by an unexpected opening rate of 7⅞ per cent for U.S. Federal funds. This was some way below expectations and traders were cautious ahead of any action by the Fed to drain liquidity. Disappointment in the U.S. bond sector tended to put a damper on any suggestions of a sustained rise in Euro-dollar prices although sentiment for the short term still dictates lower cash rates. There is a strong market feeling however that rates may be set to move higher later this year.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	91.19	91.23	91.09	91.21
Sept	90.60	90.62	90.50	90.65
Dec	90.10	90.10	90.03	90.15
March	89.68	89.68	89.59	89.73
June	89.33	89.33	89.25	89.38

Estimated volume 4,042 (6,753)
Previous day's open int 17,927 (17,927)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	—	—	[illegible]
March	[illegible]	—	—	[illegible]

Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) [illegible] (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.2760	1.2856	1.2760	1.2875
Sept	1.2680	1.2715	1.2680	1.2850
Dec	1.2655	—	—	1.2760

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3343	0.3367	0.3343	0.3375
Sept	0.3367	—	—	[illegible]

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.4028	0.4045	0.4028	0.4057

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4038	0.4042	0.4038	0.4058
Sept	0.4062	—	—	0.4082

FT-SE 100 INDEX

	Close	High	Low	Prev
June	128.85	130.20	128.50	130.45
Sept	130.35	—	—	131.80

Estimated volume 112 (184)
Previous day's open int 1,037 (1,037)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	71-29	72-11	71-29	72-11
Sept	70-27	71-00	70-27	71-09

Estimated volume 1,764 (2,285)
Previous day's open int 2,950 (2,950)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	72-01
Sept	[illegible]	[illegible]	[illegible]	70-31
Dec	[illegible]	[illegible]	[illegible]	70-02
March	[illegible]	[illegible]	[illegible]	69-08
June	[illegible]	[illegible]	[illegible]	68-17
Sept	[illegible]	[illegible]	[illegible]	67-28
Dec	—	—	—	67.09
March	—	—	—	66-24
June	—	—	—	66-08
Sept	—	—	—	—
Dec	—	—	—	65-13

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	—	[illegible]	[illegible]	92.11
Sept	—	[illegible]	[illegible]	91.63
Dec	—	[illegible]	[illegible]	91.18
March	—	[illegible]	[illegible]	90.83
June	—	[illegible]	[illegible]	90.54
Sept	—	[illegible]	[illegible]	90.29
Dec	—	[illegible]	[illegible]	90.06
March	—	[illegible]	[illegible]	89.87

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	91.46
Sept	[illegible]	[illegible]	[illegible]	90.85
Dec	—	[illegible]	[illegible]	90.33
March	—	[illegible]	[illegible]	89.92

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	91.10
Sept	[illegible]	[illegible]	[illegible]	90.48
Dec	[illegible]	[illegible]	[illegible]	89.97
March	[illegible]	[illegible]	[illegible]	89.56
June	[illegible]	[illegible]	[illegible]	89.21
Sept	[illegible]	[illegible]	[illegible]	89.90
Dec	[illegible]	[illegible]	[illegible]	88.63
March	[illegible]	[illegible]	[illegible]	88.37

STERLING (IMM) $ per £

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	1.2850
Sept	[illegible]	[illegible]	[illegible]	1.2770
Dec	[illegible]	[illegible]	[illegible]	1.2735

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	70-03
Sept	[illegible]	[illegible]	[illegible]	69-12
Dec	—	—	—	68-24
June	—	—	—	67-22
Sept	—	—	—	67-08

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on April 22, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (n) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.1315
Algeria	Dinar	(A) 6.51
Andorra	French Franc	11.77
	Spanish Peseta	915.0
Angola	Kwanza	(CM) 38.3662
Antigua	E. Caribbean $	3.47†
Greenland	Danish Kroner	13.7950
Grenada	E. Caribbean $	3.47
Guadaloupe	Local Franc	11.77
Guam	U.S. $	1.2775
Guatemala	Quetzal	1.2775
Guinea	Syli	31.75
Guinea-Bissau	Peso	189.46
Peru	Sol	exc(A) 11,312.10
Philippines	Philippine Peso	22.57
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.8250
Poland	Zloty	177.30
[illegible]	[illegible]	[illegible]

‡ Rate is the transfer market (controlled). ‡‡ Now one official rate. (1) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (6) Preferential rate. (8) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad and tourists. (9) Banknote rates. (10) Rate for imports. (11) Rate for exports. (12) Essential imports. (14) Nearly all business transactions.
† Corrections (April 15): Israel 1,140.0, Paraguay 572.60(7) and 416.94(12).

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 22.

CAPITAL MARKETS

Margins on bulldog issues demonstrate further tightening

BY MAGGIE URRY IN LONDON

MALAYSIA demonstrated yesterday how yield margins on bulldog issues have narrowed. It launched a £75m, 24 year issue, led by S. G. Warburg, which will be priced to yield only 1.2 points more than the gross redemption yield on the benchmark gilt, Treasury 13½ per cent 2004-08. Pricing will be at 3.00pm tomorrow.

Higher margins have been paid by better borrowers than Malaysia in the past, but the increasing demand for bulldogs – helped by the shortage of other long-dated fixed rate paper – and changes in tax to the advantage of bulldogs have brought margins down.

The issue will be partly paid, with £30 due on application. It will be priced as near to £90 as possible to make use of tax advantages for discount bond issues. Brokers to the deal are Rowe and Pitman and W. Greenwell.

The Eurodollar market was quiet yesterday as syndicate managers surveyed the debris of some of last week's issues. The Texaco issue – which had been priced at par – was bid at a discount of 2¾ at one point. Prices fell about ¼ point, with virtually no buying interest seen even though some recent deals are looking good value now.

There were only two issues, a $30m floating rate note for Transamerica, the U.S. insurance company. The five year deal, led by Long-Term Credit Bank International, pays interest semi-annually at ⅛ per cent over six month London interbank offered rate (Libor). Fees total 30 basis points and the issue traded well within that discount around 99.80.

Late in the day, a $100m issue was launched for Anheuser-Busch, the U.S. company which makes Budweiser beer. The deal is for eight years with a 11⅛ coupon and par issue price. The lead manager is Union Bank of Switzerland (Securities).

In the D-Mark bond market Commerzbank led a DM 50m private placement for FIH, the Danish finance for industry group. The seven-year issue has a 7¾ per cent coupon and par issue price. It was quoted within its 1¼ per cent selling concession.

BHF Bank bond average		
April 22		Previous
101.838		101.854
High	1985	Low
102.860		99.840

Prices of D-Mark bonds were steady yesterday in a quiet day's trading. There was no selling pressure but buyers were waiting for some positive news.

In the Swiss franc foreign bond market the weaker dollar and lower interest rates continued to provide a good background. Turnover was moderate and prices were firmer by up to ¼ point. Recent issues with coupons lower than 6 per cent are trading at par or better, and Credit Suisse priced its 10-year SwFr 100m public issue for Chugoku Electric Power with a 5¼ per cent coupon and 99¾ issue price, down from the indicated yield of 5⅜ per cent.

The public issue for Japan Development Bank, expected to be priced today, could come with an indicated coupon as low as 5⅜ per cent, dealers said, as the issue will be guaranteed by Japan.

The market for European Currency Unit Eurobonds is still strong, and Kredietbank International has increased its issue for Privatbanken from Ecu 50m to Ecu 70m because of strong demand. The issue has a 10 per cent coupon – higher than most other recent deals – and was trading yesterday at a discount of about one point to its 100¼ issue price. More issues in the sector are expected this week.

Banque Gutzwiller launched a New Zealand dollar issue for Financial Corporation of New Zealand, guaranteed by Brierley Investments. The NZ$20m issue has a four year life and a 16½ per cent coupon. Issue price is par.

OVER-THE-COUNTER

Continued from Page 32

Indices

NEW YORK

New York Active Stocks

** Saturday April 20. Japan Nikkei-Dow 12,232.07. TSE 955.98.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡400 Industrials plus 40 Utilities, 40 Financials and 20 Transport. c Closed. u Unavailable.

FINANCIAL TIMES SURVEY

West German Industry

West German industry is recovering strongly from a recession which has prompted a reappraisal in many sectors and a new drive to correct weaknesses. Exports are booming and there are signs of growing demand at home, sparked by greater corporate investment.

An engine for the new ICE high speed train of the Bundeshahn—the German Federal Railways, under construction by AEG-Bahntechnik in Berlin. Still plagued hy a huge deficit, the Bundesbahn is striving to hoost income with new fast freight services and an array of cut-price offers for passengers

Trade surplus grows bigger

By Jonathan Carr

AT FIRST SIGHT it looks just like the old days again. Once more Bonn is playing host to a Western economic summit conference, as it did seven years ago. Again West Germany is producing big trade and current account surpluses, low inflation—and only a modest economic growth rate.

And again several of Germany's partners, not least the United States, are looking to Bonn to do more "to boost the economy, suck in more imports and help sustain Western economic recovery. The "locomotive theory" was not dead after all—only sleeping.

In some ways Bonn's partners seem to have an even stronger case than they did at the 1978 summit. After all, the Germans ran up a record trade surplus of DM 54bn ($16.9bn) last year and are probably heading for a still bigger one this year—along with a current account which could be more than DM 30bn in the black.

True, one part of that overall trada surplus was the surge of 43 per cent in exports to the U.S., itself induced by the American economic recovery and the soaring dollar.

But West Germany ran a DM 25bn surplus with its European Community partners too—nearly DM 15bn of that with France alone. Hence the Europeans as well as the U.S. in principle have a strong interest in seeing faster German growth and better prospects for their exports.

Apart from its external surpluses, Germany bas a lower inflation rate (currently around 2.5 per cent) than it did in the 1970s and the Bonn government has achieved marked success in cutting back its borrowing. Its net credit intake dropped below DM 30bn (close to 1.5 per cent of Gross National Product) last year and is likely to be down again this year.

Strategy

Moreover, wbereas in 1977-78 the jobless total hovered around the 1m mark, nowadays it stands at over 2m. Thus on the face of it the Germans wonld seem to have both the possibility, and the domestic need, to adopt a more expansive economic and fiscal strategy—which they could then present to their partners as a "concession" at the summit.

But in fact Bonn is unlikely to do any such thing. It will certainly point to its two-stage programme, already agreed, of tax concessions starting with a DM 10bn bandout next year. It may mentally be preparing to do a bit more than that in 1986, if the economy shows signs of faltering in what will be a pre-general election year.

But the kind of commitment made by tha government at the previous Bonn summit—to take steps to boost the economy amounting to around 1 per cent of GNP (then DM 12bn, now about DM 18bn)—will surely not be forthcoming.

For despite the apparent similarities of economic performance, there are big differences between the Germany of 1978 and that of 1985. In the intervening years the country not only changed to a government of the Centre-Right after 13 years of rule by the Centre-Left. It also went through something of an economic trauma which forced a change in attitudes.

In retrospect the DM 12bn economic boost promised by Bonn in 1978 proved to he a poisoned chalice for the government, however much it seemed needed at the time to help win accord with other partners on a summit "package deal."

The action did little definable to increase growth, but clearly intensified the budget agonies of the then Social-Liberal coalition.

It was finally budgetary problems which brought tha collapse of the coalition in late 1982—a point not lost on the incoming Finance Minister, Dr Gerhard Stoltenberg. He has been doggedly cutting government borrowing ever since and certainly does not favour a new "summit induced" burst of expenditure now.

It goes almost without saying that not all Dr Stoltenberg's Cabinat colleagues are happy about this tight-fisted regime.

Likewise it is no surprise that private business and industry, which speak ont firmly in favour of state budget "consolidation" and enjoy its fruits in the form of lower interest rates, nonetheless want bigger tax breaks than those Dr Stoltenberg bas already granted them.

Action

The private sector also wants to see speedier action hy the government to de-nationalise companies still in stata hands.

But for all the criticism in detail, businessmen and entrepreneurs naturally support a broad government line wbicb is gradually driving back the role of the state—after years wben the reverse was true—and encouraging private initiative.

That applies not least to Bonn's greater emphasis on "indirect" rather than "direct" support for research; meaning a higger slice of public money is now going to improve the conditions in which companies carry out research, and a smaller one to state support for specific projects (a system which in the past made for great complexity and horeaucratic delay)....

Probably more important than the government switch as a catalyst for domestic change was the country's plunge into current account deficit in 1979-1981. That development, combined with dramatic steps by the Bundesbank to help support the onca mighty D-Mark, forced a debate about West Germany's economic place in the world.

At times the arguments, both inside and outside the country, got out of focus. Just as it had been claimed in the 1950s that the Germans were "economic miracle workers," so it began to be argued at the start of the 1980s that the Germans were going down the drain economically; that they had missed the "technological boat," and that their export performance relied on products created with the techniques and skills of the 19th century.

The arguments tended to underplay German strengths in a lot of industrial sectors—from the manufactura of nuclear power plants, to that of high-performance cars (with anti-skid brakes and electronically-controlled automatic transmission), to innovation in pharmaceuticals and chemical engineering.

But the dehate served to highlight genuine weaknesses too. That the country was lagging in the key fields of micro-electronics and biotechnology; that the results of research seemed to take too long to get through into marketahle products (although as a percentage of GNP, German spending on research was above that of Japan); that educational structures were too rigid and that the "entrepreneurial spirit" seemed less highly developed among the young than the desire for a solid joh and a good pension.

The current account is now firmly back in surplus (probahly too much so for German comfort this year, in view of the pressure it is likely to arouse from foreign partners). But the shakeup which began during the period of deficit and recession is still going on, even gathering pace.

There are many facets. The micro-electronics challenge has been well and truly taken up, not just hy producers such as Siemens but hy users like the mechanical engineering sector—which bas gone far to integrate the "chip" into its products and production methods.

After years in the doldrums, the stock market is taking off at last—not just with rising

CONTINUED ON NEXT PAGE

CONTENTS

Regional breakdown of foreign trade

Exports (fob) by country nf destination
Imports (cif) by country of origin

Group of countries/ country	1984 Exports DMbn	Exports Change from previous year in %	Imports DMbn	Imports Change from previous year in %	Foreign trade balance in DMbn
Industrialised western countries	395.8	+16.0	337.8	+10.9	+57.9
of which:					
EEC memb. countries	232.9	+12.1	206.1	+ 8.7	+24.8
of which:					
France*	53.9	+ 6.1	39.4	+ 4.2	+14.5
Italy	37.7	+17.4	34.1	+ 8.1	+ 3.6
Netherlands	42.1	+11.3	53.0	+10.2	−10.9
UK	40.6	+14.6	33.3	+22.7	+ 7.3
U.S.	46.8	+42.6	31.1	+12.4	+15.7
Japan	6.9	+23.5	18.3	+23.5	−11.4
Centrally planned economies	23.3	+ 3.2	26.4	+19.8	− 3.0
of which:					
USSR	10.8	− 4.3	14.3	+21.6	− 3.6
Opec countries	27.9	−11.7	27.3	+ 0.0	+ 0.6
Developing countries†	39.7	+11.5	42.5	+18.6	− 2.8
of which:					
East Asian countries	10.6	+18.3	15.8	+16.2	− 5.2
Latin Amer. countries	10.8	+17.6	13.2	+14.1	− 2.5
All countries	488.2	+12.9	434.2	+11.3	+54.0

* Excluding aircraft. † Excluding Opec countries.
Discrepancies in the totals are due to rounding.
Source: Deutsche Bundesbank.

Trade surplus

CONTINUED FROM PREVIOUS PAGE

share prices but in the number of new enterprises deciding to "go public." Venture capitel outfits, almost unheard nf a few years ago, ebound.

"High Tech" is increasingly popular among the young—both as a hobby and fnr study and e career. A start is being made nn getting closer contacts between the often segregated worlds of university researchers and industrial concerns.

More people ere keen to set np their own business (even if they often have little clear idea of how to go about it) and there have been first major cases of "spin-off"—employees splitting off from major companies to set up their own concerns with the belp of venture capital funds.

Taken together, all that sounds like a revolution, though the pace is really slower than that description would imply.

There is still mncb to he done and, at best, West Germany seems bound to be stuck with a high level nf unemployment to the end of this decade. Tban, for demographic reasons, the totel should fall— bringing in its wake new problems of an ageing population.

That is looking quite a long way ahead—although many Germans are already knitting their brows over the "challenga of the 1990s."

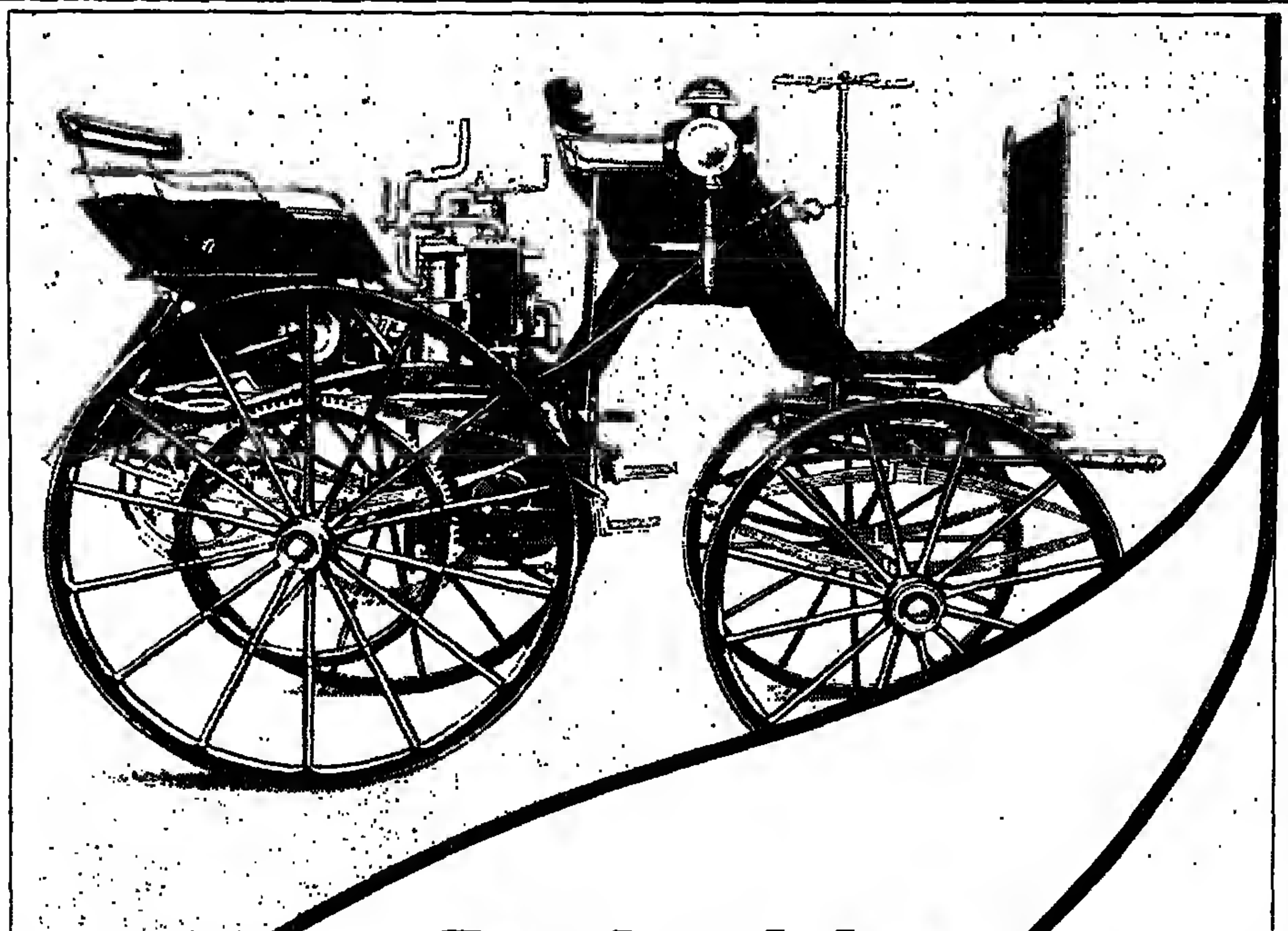
Closer at hand, the outlook is still for stronger economic growth this year than the 2.6 per cent in real terms achieved in 1984—even if the dollar slides, the export boom falters (and no "growth package emerges at the economic summit).

The revision upwards in corporate investment plans since last autumn indicates that e marked boost in domestic spending on plant and mcahinery is on the way to support the economic upturn.

Companies badly need to invest to replace ageing stock and to rationalise—and, very broadly speaking, they can wall afford to pay. Earnings have heen strong and costs stable, despite higher import prices.

Indeed, entrepreneurial iocome bas risen strongly in the last three years, taking a growing share of GNP while thet of wage and salary income bas fallen a hit.

That gradual income redistribution, whicb previously had moved in the other direction, is not the least of tbe changes in the first half of the 1980s.



A climate of incentives and opportunities is developing along with a new spirit of competitiveness

Worries over losing high-tech race

Research

RUPERT CORNWELL

WEST GERMANY, it is claimed, spends a higher proportion of its Gross Domestic Product on research and development than virtually any other industrial nation. But is it getting value for money?

Every figure and document produced in reassuring profusion by the Technology and Research Ministry in Bonn would suggest that all is well. On May 30 last year, for example, Dr Heinz Riesenhuber, the youthful and zealous Minister, proclaimed that researcb spending in 1983 totalled DM 46.8bn—or 2.8 per cent of GDP.

There is every sign that tha trend will continua. The 1985 bndget allocatioo for R and D apending by the federal Government, at almost DM 12.9bn, was up by over 8 per cent on the previous year.

More than DM 8bn more is likely to be chipped in by the regional governments of the *Laender*, while the signals from corporate boardrooms suggest a further increase in the contribution of industry itself, in 1983 well over balf the grand total at DM 26.3bn.

And yet, consider these other two fects, drawn from the opposite extremes of the researcb-to-final-prodnct spectrum: In the 46 years since the outbreak of the 1939-45 War, Germany has won just 16 Nobel Prizes in the classic scientific disciplines of medicine, physics and chemistry, compared with 35 in the previous 37 years.

What is more, a fair proportion of recent winners of German nationality have in fact done their crucial work outside the country itself.

Second, West Germany's share of some key high tecbnology exports, for example, in the data processing field, has fallen steeply in the last 10 or 15 years.

One authoritative estimete concludes that while the shares of tbe U.S. and Japan have risen between 1972 end 1983 from 32 per cent to 37 per cenl and from 13 to 25 per cent respectively, West Germany's slice of this ever more important cake bas shrunk from 26 per cept to 17 per cent.

A Soviet surgeon using a Siemens-developed apparatus for an eye operation. West Germany remains a world leader in medical technology, and is making a big effort to catch up in key sectors such as bio-technology—where it has lagged so far

In other words, Bonn has slipped from a challenging second place to a distant tbird, and small wonder that tbe perils of losing tbe hi-tecb raca to tbe Americans end the Japenese has become one of the most feshlonable arguments of the bour.

But how well-founded is this fear? Whatever is missing, it is certainly not money. Rather, the reesons for a presumed West Germen backwardness in this field may be found in older cheracteristics of the people.

One is e lack of flexibility, e tendency to do everything by the book which ellows a natural bent towards giving bureaucracy full rein.

Another is the country's yeerning for perfectionism: West Germany is a place wbere the best can be the enemy of the good—where the search for the 100 per cent perfect product can fatally delay introduction of the 80 per cent satisfactory solution wbich would bave found e ready market.

Mucb further upstream, fault mey be found with the educational system: Dr Karl Steinbuch of Karlsruhe University, but with long experience in the American academic world, bas complained that hy comparison with the U.S., German universities ere "like convoys whose pace is set by the slowest."

The pressure, he claims, is all ageinst edventurousness in scientific research end free scope for the imaginetion.

Be that as it may, efforts ere now being made to improve the co-ordination of researcb work between universities and industry, where the former can receive funds to do work wbich might more closely meet the requirements of the letter. The Government, furthermore, is stepping up its encouragement of basic research or *Grundlagenforschung*.

But Bonn's ambitions and its worries, were best illustrated last spring, wben it unveiled a DM 3bn state programme to speed the development and application of micro-electronics, computing and communications technologies between 1984 end 1988—ooe of the most fer-reaching such schemes ever devised by e European Government.

Then, last October, Herr Riesenhuber brought in a DM 500m supplementery peckage of public support for R and D spending by smaller companies.

The project had severel goals, the most obvious of which wes to help beat back the Jepanese and American challenge. But it also is geared to provide more job opportunities for science graduates from university, by subsidising the salaries of new R and D staff taken on by small- and medium-sized companies.

Last but not least, it wes a gesture directed specifically at an area nf the economy which many feel has been rashly neglected in recent years.

Ideologically the DM 500m package is at one with the much-trumpeted philosophy of the Centre-Right coalition in Bonn to promote enterprise end initiative, after the featherbedding of the inefficient held to have marked the 13 previous years of rule by Sociel Democrat-led administrations.

Small companies, the belief runs, are where such a spirit can flourish best, with the implicit corollary that a string of West German "silicon valleys" should spontaneously come into being.

In fect, however, to an extent they already have, and West Germany's position in the high technology race is less bad then it seems. But the reel question remeins: will the German researcher, once he has been taken to water, drink?

Calling for tax cuts

THE PRESENT West German government may sincerely believe it is carrying the free enterprise standard boldly enough. But the citadels of the country's industry and finance would like it to wave the banner a good deal more vigorously.

Here, briefly sythesised, are the recent views of the West German Chamber of Industry and Commerce (DIHT) and the national Banking Federation.

Broadly, both bodies believe that the present strategy of investment incentives favoured by the Centre Right coalition is too complicated and produces results hardly worth the effort involved in their administration.

Instead, they favour generalised cuts in taxes, both on companies and individuals. These in turn would be financed by a much more determined phasing out of subsidies (reckoned in varying forms to total some DM 60bn from both Federal and local governments) and an end to the present elaborate system of incentives to save.

In this way, banks and industry alike maintain, enterprise and initiative would be more effectively favoured, and the capital base of West German companies strengthened.

The Finance Minister, Herr Gerhard Stoltenberg, is sympathetic to these calls, but is plainly decided to move more slowly than his critics on the Right would like.

A reduction in the top tax rate—currently 56 per cent—on earned incomes has been put on a back burner, largely for political reasons. Instead, the Government is sticking to its DM 20bn across-the-board cuts planned for 1986 and 1988, geared to help the lower-paid and those with large families.

Similarly, the Finance Ministry is not being rushed into any swift reductions in company taxes, despite Herr Stoltenberg's admission to Parliament two months ago that these "are too high in West Germany, compared to other countries."

The next stage, Herr Stoltenberg emphasises, would be a thorough examination of which options are best. These range from a lowering "possibly the complete removal," of corporate assets tax, to a reduction in *Koerperschaftsteuer*, or corporation tax on profits.

R. C.

Go-ahead attitudes to funding

Venture capital

JONATHAN CARR

LONG-FROZEN West German attitudes to venture capital are thewing. A few years ago young entrepreneurs with daring ideas for new products would very likely be stuck for the funds to realise them. The banks would generally spurn them as a poor risk and other sources of financa were scarce.

Things bave changed. There are now about 30 venture capital outfits in Germany with some DM 700m available for investment. The great mejority of these companies were formed within the last three years and more are evidently on the way.

Some of these outfits were funded by private individuels; bnt it is remarkable how the West German industrial and financial "establishment" is climbing aboard the venture cepital bandwaggon. Top companies sucb as Siemens, Daimler-Benz, Bayer and Nixdorf are ploughing millions of D-marks into venture capital investment funds.

Commercial banks (such as Deutsche, Dresdner and Commerzbank) have streamlined one cumbersome venture capital concern they jointly set up a decade ago, and are striking out on some new paths. So too are the savings banks.

Even the conservstive insurance companies, most of which would not bave touched venture capital activities at all a few yeers ago, are moving gingerly into the scene.

There is no one reason why this activity has erupted so suddenly. Part of the explanetion lies in the switch in lete-1982 to a Centre-Right Government after 13 yeers of Centre-Left rule.

This helped improve the atmosphere for entrepreneurs even if the tax and other policy chanees made by the government have not so far full lived up to the hopes of business.

Another part of the reason is tbe continuing high level of unemployment, still stubbornly over the 2m mark, and the growing convictioo that the cyclical economic unturn now being enjoyed will not change the jobless problem a lot.

The battle is on to encourage high tecnnology, high-growth sectors wbicb may supply tomorrow's jobs—and the mushrooming of companies with venture capital available for investment is just one sign of that.

That is the encouraging side of the coin, and probably the one wbich has received the most publicity so far. The less positive side is that of the estimated DM 700m in venture capital available, only about one-tenth hs been invested up to now.

Many of the projects supported look good—mainly in "high tech" fields like computer had and software, blo and laser tecbnology, integrated circuit testing and eo forth. But that still leaves a lot of venture capital available and the sum seems to be growing all tha time.

Could it be that the German problem after all was not too little cash but too few ideas? If so, the "venture scene" which took off like a rocket may come down like a stick.

The real answer is more complicated than that. The venture capital companiea receive lots of applications from building entrepreneurs but most of the proposed scbemes—some sey as many as 90 per cent of them—go straight into the waste paper hasket.

In many cases the applicants have technical expertise, but ere wbolly lacking in basic manegement skills like financial control and marketing. Venture capital companies can help make up for this deficit, especially if their investors include hig concerns to wbom they can turn for advice.

But there is still a lack of the in-depth management expertise needed as e link between the "venture" ideas and the capital available.

There is—so fer—no tradition in Germany of venture capital companies, which, accompany young outfits with advice as well as funds until the entrepreneurs are ready to "go public" on the stock market.

In this respect the Germans are not only worse nff then the U.S. with more than 600 vanture capital companies, but elso than Britain, where there has been more direct feedback from the U.S. scene.

This may well turn ont to be just a "teething problem." But there are other difficulties, with deep psychological and historical roots, wbich will take longer to clear.

For one thing, the question is not just bow much cash and advice is eveilable to tbose wanting to establish tbeir own businesses, but how much outside influence the entrepreneurs are reedy to accept.

Germeny bas a long tradition of fiercely independent, small and medium-szed husinesses, nften in tha hands of the same families for generations. They abbor the idea of outsiders nosing intn their affairs, which is one reeson (among many) wby the form of the AG—joint atock company—is relatively unpopular compared with that of the Gmbh—the limited liability concern.

The tradition lives on in those entrepreneurs—even in "high tech" fields—who prefer to struggle on more nr less alona, rather than run the risk of domination by venture capital outfits and the hig companies whicb back them.

A further problem is the stigma attached to failnre in West Germany. In the U.S., an entreprenaur who fails at his first attempt often gets credit for trying, and for the experience gained as he tries again.

In Germany, the lkielihood is that if you flop once you're finisbed. The system does not encourage you to pick yourself up and have another go. Things are changing here too—but slowly.

Finally, there has so far hcen a marked lack of of training in husness administretion at German institutes of bigher educetion, and too little flexibility allowing interaction between different disciplines (for example, in opto-electronics).

Moreover, close contacts between academic life and iodustry (hest exemplified, perhaps, by the links between Stanford University and the Silicon Valley companies of Californie) heva been conspicuous in Germany by their absence.

This too is changing. One prime example in the big effort in West Berlio to foster contacts between the Technical University there are industrial compenies, especially naw ones in high-technology fields. In sum, venture capital is now available in plenty: rigid attitudes to entrepreneurship ere altering—but a lot remains to be done.

German business in figures

	Change over previous year in % (averages) 1982	1983	1984
New orders (in real terms):			
Manufacturing industry	− 5.6	+ 2.7	+ 6.4
Domestic	− 5.2	+ 3.1	+ 3.4
Foreign	− 6.2	+ 1.8	+12.0
Mechanical engineering, domestic ...	− 2.9	− 3.6	+ 3.7
Production in industry	− 3.2	+ 0.5	+ 3.0
Retail sales (in real terms)	− 3.7	+ 1.0	+ 0.3
Exports (value)	+ 7.8	+ 1.1	+12.9
Imports (value)	+ 2.0	+ 3.7	+11.3
Cost of living	+ 5.3	+ 3.3	+ 2.4
Industrial producers' prices	+ 5.8	+ 1.5	+ 2.9
Export prices (industrial goods)	+ 4.9	+ 2.6	+ 2.7
Import prices (raw materials)	− 0.5	− 4.9	+ 8.2
Unemployed persons (thousands)	1,833	2,258	2,266
Unemployment ratio in %	7.5	9.1	9.1
Wage costs per unit of output	+ 4.0	− 1.1	− 0.9
Hourly earnings (in industry)	+ 5.8	+ 3.7	+ 3.2
Productivity (in industry)	+ 1.6	+ 4.9	+ 4.2
Capacity utilisation (industry) in % ...	76.8	78.8	80.3
GNP (in real terms)	− 1.1	+ 1.3	+ 2.6
World industrial production	− 3.9	+ 3.2	+ 7.3

Source: Dresdner Bank

Changeover to flexible work practices

Labour

JOHN DAVIES

TRADITIONAL working concepts are being more and more questioned in West Germany these days.

In the face of social and economic pressures, there is more scrutiny of the possible advantages in flexible working hours, job sharing, different retirement arrangements, Saturday work and temporary contracts.

The rethinking process has been spurred along by the problem of unemployment and the campaign of some trade unions for shorter working hours.

Although unemployment is less severe in West Germany than in some other countries, it is developing into a greater political worry for the government of Chancellor Helmut Kohl.

Unemployment remains high even though the economy has been staging a modest recovery over the last two years. The chances of a sizeable decline in the foreseeable future are not rated very strongly.

In an attempt to improve the job market, the Bonn government has already introduced measures to encourage early retirement; and more recently it has been arguing the case for liberalised labour laws.

As well as regulating arrangements for job sharing, the government has been proposing to enable companies to take on unemployed workers — or workers threatened with unemployment—on limited contracts, rather than giving them permanent jobs.

For their part, the metal and printing industry unions based their campaigns for a 35-hour working week on the argument that it would create or save jobs and so reduce unemployment.

IG Metall, the metalworkers' union, claims that as many as 70,000 to 80,000 jobs were saved or created by the agreement to cut the working week in the metal industries from 40 to an average of 38.5 hours from April 1.

While the job-creation effect of the cut in hours is disputed, the campaign helped to open the door to more flexible working arrangements.

Flexibility was one of the key parts of the compromise agreement ending the bitter conflict in the metal industries, which culminated in seven weeks of strikes, lock-outs and lay-offs in May and June last year. Employers believed that flexible arrangements would help offset the cost of the reduction in working hours and reduce any need to hire more workers.

Under the agreement, it was left to individual factories to turn the compromise formula of shorter hours and flexibility into reality, with precise arrangements differing according to each factory's own requirements.

In factory negotiations all over the country, union officials tried to block flexibility as much as possible, and some companies, too, have been wary of straying too far from established practices for fear of creating new problems.

But employers' representatives believe that individual plants will increasingly recognise that there are benefits in flexibility. Dr Dieter Kirchner, the head of Gesamtmetall, the metal employers' association, described the recent agreement as "a first step on the road to making optimum use of a plant."

The agreement lays down that working hours must average 38.5 a week during a period of two months. One practical result is that some workers, such as those with scarce skills, can remain on a 40 hour week, while others have a 37 hour week.

But the union, with some amployers readily conceding, has ensured that the great majority of its members actually have a 38.5 hour week, although the time off is being given in a variety of ways.

In some cases, workers now leave 1½ hours earlier on Friday afternoon or three hours earlier every second Friday (although in other cases they actually work longer on Fridays to ensure that orders are cleared before the weekend).

In some instances, such as Volkswagen, workers get their shorter time off in the form of nine extra days off a year.

For the employers, the great advantage is that the agreement further uncouples machine time from an individual's working time. It also enables employees, theoretically at least, to work 40 hours one week if orders are running strongly and 37 hours another week if business has tapered off.

Gesamtmetall believes that employers will want to make increasing use of flexibility in working hours in the future. IG Metall, despite its wariness, is also showing more readiness to consider more flexible working hours.

Herr Hans Mayr, IG Metall's president, recently pointed out that the traditional trade union campaign for shorter hours could be combined with the "new movement" for more flexible hours.

A tough bargainer, he has staked out the ground for future negotiations by declaring that further flexibility in working hours should go hand in hand with a new cut in the general working week. He has also ruled out flexibility in working hours if this simply serves the employers' interest in handling a fluctuating flow of orders.

IG Metall, which in some ways tends to be a pacesetter in the West German trade union movement, insists that the 35-hour week remains its goal. Herr Franz Steinkuehler, tha deputy president, has even predicted that workers will have a 30-hour week—and a higher standard of living—by the end of the century.

Wage demands

In practical terms, however, tha thrust of its demands for the union has not yet decided tha next battle with metal industry employers, expected in 1986-87. It is conceivable that it will concentrata on wage demands, while allowing the complex arrangements for working hours to settle down.

On the other hand, some employers are keen to make more economic use of plants and might trade off further flexibility for a form of shorter hours.

For some unions, early retirement has had greater priority than a cut in the working week, but lately there have been suggestions from some Bonn politicians that in fact later retirement might be necessary to ensure that the growing number of pensioners can be adequately supported by the nation.

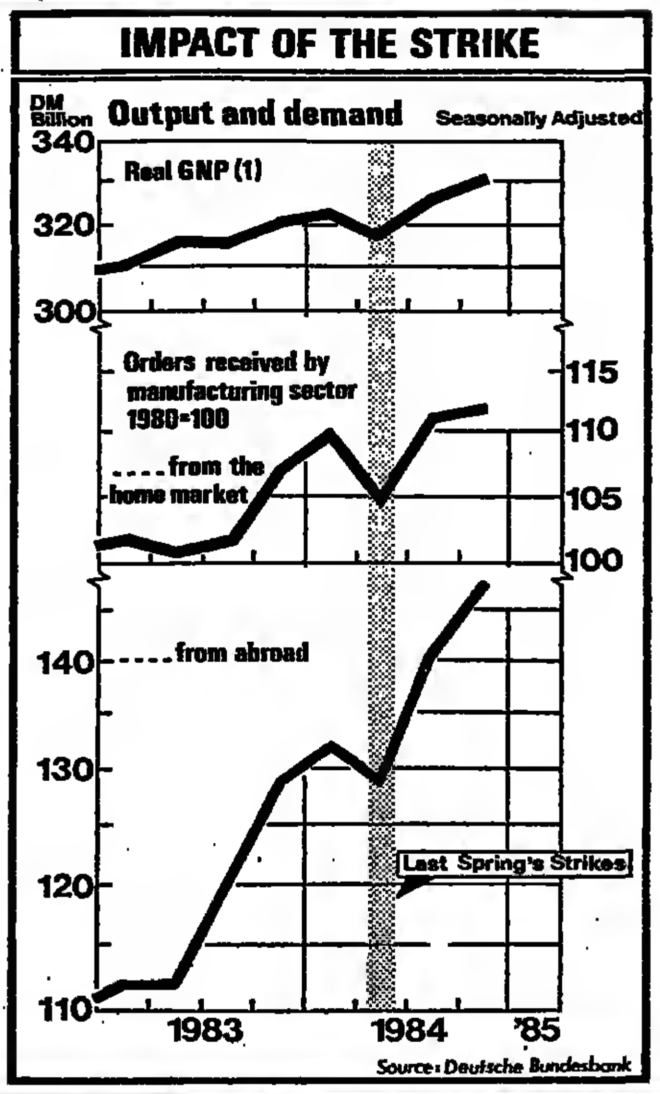
While this is all grist to the political mill in Bonn, it may actually stimulate further interest in such flexibla schemes as phased retirement and job sharing.

In soma instances in the metal industry—as well as the chemical industry—older workers have already been given or hava opted to take shorter working hours.

The issua of Saturday working has also been raised, notably by Herr Norbert Bluem, the Labour Minister in Bonn, who sees this as a means of allowing more economical use of installations.

The trada unions have reacted strongly against this idea. Gesamtmetall also tends to play down the issue, although Dr Kirchner, with his interest in breaking down rigid working arangements, has remarked that even the notion of Saturday work is no longer a "sacred cow."

Women architect at work. Social and economic pressures are creating better careers prospects for German women but full equality of opportunities with men is still far from being realised



Energetic pursuit of markets

IF IT'S MONDAY it must be Australia! Herr Peter Jungen, 45, is a man on the move at the head of a notably successful German-based "mini multinational" concern.

During the Jungen era, PHB Weserhütte (PHW) of Cologne has become one of the world's leading bulk materials handling companies.

With annual turnover of well over DM 1bn and with more than a score of subsidiaries and affiliated companies on four continents, PHW is continuing to expand (most recently in Holland and France). And wherever there is a new acquisition to be made, the ubiquitous Herr Jungen seems to be on the spot.

It is thanks to Herr Jungen in particular that PHW exists in its present form at all. After gaining an economics degree at Cologne university, Jungen worked for a time as assistant to Herr Otto Wolff, chief of the steel trading and capital goods concern of the same name.

From there he joined the board of Weserhütte, a mining plant and machinery company owned by Wolff, and was instrumental in pushing through a merger in 1980 with PHB (Pohlig-Heckel-Bleichert), a mining plant and machinery outfit.

So it was that a group emerged which could offer customers a full range of materials handling equipment from mining and loading machinery to mechanical feeders. That range has been one key to the success which kept PHW in the black even during the recession years when many rivals were plunging into deficit.

Another has been Jungen's drive to attack foreign markets (which account for more than 80 per cent of turnover) from the inside.

By establishing (or acquiring) footholds on the inside of foreign markets, PHW not only has been able to insulate itself against the impact of exchange rate fluctuation. It has also gained a varied palette of international financing benefits. One example from many.

For one major deal in Indonesia, PHW was able to keep the cost of excavating equipment down with the help of a German Government export scheme; its Japanese partner gained Japanese Government funding for conveying equipment on which PHW was a sub-contractor; and the ship loader for the project was delivered through PHW's North American subsidiary which qualified for Canadian Government finance.

Peter Jungen: instrumental in merger

With deals such as this constantly in the making, it is small wonder that Jungen covers several hundred thousand kilometres a year in the air—without, apparently, suffering jet lag.

Ironically, this group with so international an outlook is the object of a long and bitter squabble between its main shareholders — Otto Wolff with just over 50 per cent and the Hoesch steel concern with just under 50 per cent. Hoesch would love to merge PHW with its construction machinery company Orenstein and Koppel, but so far Wolff has firmly said no.

This ownership battle creates occasional shockwaves at home, but in the far corners of the PHW empire —where most of the business is now done—it no doubt looks more than a little irrelevant.

Apart from PHW and a strong interest in politics, Jungen is also vice-president of tha German Mechanical Engineering Association and president of the German-Australian Association (Australia is a key element in the PHW jigsaw). In what little spare time he has, Jungen likes jogging. He hardly needs the exercise.

Jonathan Carr

Powerful competition from other countries

Electronics

JOHN DAVIES

WITH HUGE resources of cash and skilled manpower, Siemens is pushing ahead with a major programme of research and investment to secure its future in the rapidly-changing world of electronics and communications.

The sheer size of Siemens' outlay and the vigour with which the company has embarked on its mission have helped to buoy up West German confidence in the face of U.S. and Japanese competition.

West German industrialists are sensitive to sweeping claims that they have fallen behind in technological developments. They are quick to point to many areas where their products are both innovatory and successful internationally.

But in some key areas of electronics and computer development, it is clear that West Germany—and Europe—have been outstripped by other countries. Both government and industry, however, are keen to narrow the gap.

The dilemma of companies facing powerful foreign competition has been highlighted lately by events at Grundig, the audio-video concern. The new management team announced that Grundig made a heavy loss in 1983-84 and that jobs were threatened.

Grundig has not only had a long battle with determined Japanese rivals. It has also been confronted with consumer electronic markets showing signs of saturation. Its labour force has already shrunk drastically to 24,000, from more than 38,000 in 1979.

Now that management control has been taken over by Philips of the Netherlands, Grundig evidently faces further changes.

Siemens, as part of its ambitious plans, has teamed with Philips to co-operate in basic research aimed at developing far more powerful microchips. The Japanese, among others, are already beavering away at such developments.

Siemens has been producing 64-K microchips (able to store more than 64,000 bits of computer data), before embarking this year on output of the more powerful 256-K microchips at its plant at Villach in Austria.

Under its so-called "mega-project," it is building a new plant at Regensburg where it aims to start production of 1-megabit chips (capable of storing over 1m bits of data) in 1987. After that, it hopes, production of 4-megabit chips (4m bits of data) will follow in 1989.

Siemens has spent a total of about DM 2.2bn on investment and research in its mega-project over the next few years. But in other areas, too, it is embarking on what Dr Karl-heinz Kaske, the chief executive, has called a "quantum leap" in investment.

After an outlay of DM 2.4bn in 1983-84, Siemens is boosting its investment spending during its current financial year to between DM 3.5bn and DM 4bn. Including research and training, it will outlay a total of about DM 9bn this year on "future-oriented" activities.

In its strategy, Siemens has singled out as its main growth areas the fields of integrated circuits, office electronics, public communications networks and factory automation. Investment is being stepped up particularly strongly in these areas.

With the introduction of the 1-megabit chip, Siemens is resigned to being behind the Japanese, but less so than has been the case in the past.

Evidence of Siemens' determination to win a strong position in the microchip market is its plan to step up involvement in the U.S. It has been seriously studying plans for a microchip assembly operation in the U.S. by about 1990.

In its wide-ranging activities, Siemens is also setting high store on its Hicom office telephone exchange which incorporates voice, video and data transmission. The system has been introduced in line with the Bundespost's plans for bringing about an integrated network of telephone transmission services.

Other manufacturers, including Nixdorf and SEL, are also bringing in similar devices for what is regarded as a key part of the office telecommunications equipment market in the years ahead.

The question of liberalising the telecommunications market is showing signs of becoming an increasingly political issue in West Germany. Herr Martin Bangemann, the Economics Minister and leader of the small Free Democratic Party (FDP), is fighting a running battle to force the Bundespost to give up control over the introduction of devices to be used in conjunction with the telephone.

He succeeded in forcing the Bundespost to back down over its monopoly position in the marketing of the so-called cordless telephone (schnurloses Telefon) and is keen to win wider-ranging concessions.

With the integration of data processing and transmission, the Bundespost's longstanding monopoly control over the telephone is being increasingly regarded as hindering innovation. As a result, an expert committee appointed by the Federal Government is to examine how the Bundespost can best adjust to the new and fast changing environment.

With the far-reaching changes under way in electronics and communications, this branch of West German industry has been showing rapid growth rates. Although it has been helped by West Germany's recovery from recession, it has been stimulated above all by industry's efforts to adjust production processes to take advantage of the new technological developments.

Overall, the country's electrical engineering industry showed a production increase of 8.7 per cent last year and executives have been conservatively forecasting an increase of perhaps a further 6 per cent this year.

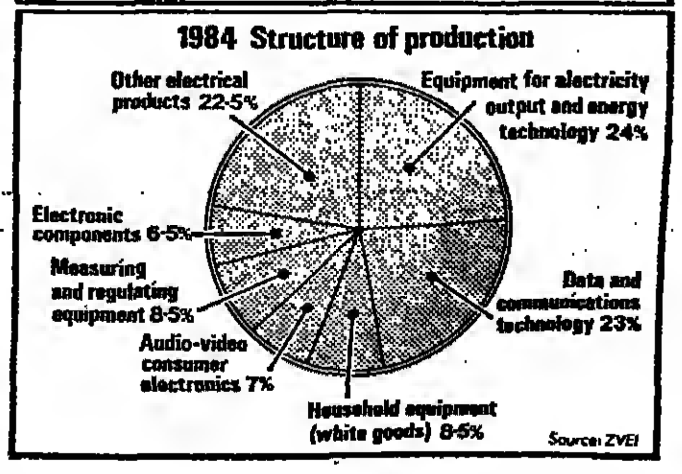
Production rose much more substantially in the strongly innovatory areas of data processing equipment (up 33 per cent) and electronic components (up 22 per cent). There was also a hefty increase of 15 per cent in output of measuring and regulating equipment and 11 per cent in communications equipment.

Although consumer electronics remained a weak area, the electrical industry overall has left recession well behind, with last year's increase capping a 1.9 per cent rise in 1983 following two years of decline.

One of the encouraging signs of recovery is that the industry as a whole began taking on workers again, building up its labour force by 25,000 to 936,000 at the end of the last year.

ELECTRICAL INDUSTRY

1984 Structure of production



Source: ZVEI

A boom in orders

Mechanical engineering

JONATHAN CARR

AFTER THREE years in the doldrums, West Germany's mechanical engineering industry recovered strongly in 1984—and this year is set to fare even better. Orders are booming—in January alone they were up by 24 per cent in real terms against a year earlier.

Use of capacity is over 85 per cent and increasing. Production in real terms looks likely to be around 5 per cent above the 1984 result.

Even the country's industrial plant makers, long suffering not least from the fall in orders from the oil-producing countries, now have better news. Last year's orders intake totalled DM 18.5bn ($5.8bn), after DM 14.2bn in 1983, with domestic demand up particularly strongly (by 47 per cent) to DM 7.3bn.

Thanks to the upturn, the sector—the country's biggest industrial employer—was able to boost its labour force slightly last year to just over 1m. Another 30,000 jobs are expected to be created in 1985.

The improvement is reflected still more clearly in the fall in the number of those on short-time work—from a recession-induced high of 182,000 at the start of 1983 to 24,000 at the end of last year.

It was buoyant export demand above all which pulled the sector out of its trough last year, despite strikes in the key metalworking and printing industries in the spring. Deliveries of engineering products abroad rose by 9 per cent to around DM 80bn, and the order figures indicate a further boom can be expected this year too.

Thanks above all to the soaring dollar, exports to the United States were up by 31 per cent to DM 8.2bn—making the U.S. German engineering's biggest single foreign customer (ahead of France).

Exports will not provide the only strong boost for the sector this year. The mechanical engineers stand to gain in particular from the trend to stronger domestic industrial investment, likely to rise in 1985 by about 8 per cent in real terms.

German industry has an investment "backlog" caused largely by the recession years and is now seeking to catch up—especially with the application of electronics to products and production methods.

So it is that those mechanical engineering sectors with a high microelectronics input, such as printing, textiles and plastics-processing machinery, have been among the first to emerge from recession.

Despite the numerous encouraging signs, there are shadows too. For one thing, in this highly-diversified branch there are naturally sectors not sharing in the general upswing.

They include the producers of agricultural machinery, whose sale are hit by the sharp fall in farmers' incomes; and the makers of building machinery, suffering from the continuing trough in the construction industry.

Further, that rise in German exports of 9 per cent last year was accompanied by a boost of 15 per cent in German exports.

That still left the Germans with an engineering "trade surplus" of DM 48.2bn—but there are some warning signs. One is that even with the dollar's rise, the United States was still able to increase its exports to West Germany by 18 per cent to DM 6.4bn.

The Japanese boosted their exports by still more—35 per cent to DM 2.9bn (against a rise in German exports to Japan of 10 per cent to DM 1.1bn). Since the U.S. and Japan are the two leading competitors for the Germans on world markets, the warning is clear enough.

A key reason for the performance of the U.S. and Japan was the strength of both countries in the office and information technology sector. West Germany's imports overall in this sector rose by no less than 29 per cent in 1984 to DM 12.2bn.

Germany's exports of office and information technology products rose sharply, too—by 20 per cent to DM 10.4bn. By sector, this was the fastest export growth rate last year after that of textile machinery (up 22 per cent).

Overall, the balance of the German mechanical engineering sector is clearly positive—but there are no grounds for complacency.

The top engineering companies

	Turnover (DMbn)	Employees
THYSSEN GROUP (Year ending September 30 1984)	41.2	133,000
FRIED. KRUPP (Year ending December 31 1984)	18.2	66,000
GUTEHOFFNUNGSHÜTTE (Year ending June 30 1984)	16.7	69,500
MANNESMANN (year ending December 31 1984)	15.8	104,000

Share of world export market

1978	% share	1982	% share	1983	% share
1. West Germany	23.5	U.S.	26.0	U.S.	23.6
2. U.S.	21.8	Germany	20.4	Germany	20.3
3. Japan	11.6	Japan	12.6	Japan	16.0
4. Britain	9.3	Britain	3.7	Italy	8.0
5. France	7.9	Italy	7.5	Britain	7.8

Source: West German Mechanical Engineering Association (VDMA).

PROFILE: HELMUT LOHR

Helmut Lohr: key business figure

Guardian of the sector

DR HELMUT LOHR is quick to proclaim the technological prowess of the West German electrical engineering industry. "No other country has an electrical industry which has attained such leading positions in so many internationally competitive fields," he says.

In springing to the defence of German technological ability, Dr Lohr is expressing views often asserted by business executives. What is somewhat more striking in Dr Lohr's case is that he himself heads a company which is largely in American hands.

Dr Lohr, now 54, has been chief executive for the past nine years at Standard Elektrik Lorenz (SEL), which is 85 per cent owned by ITT, the U.S. communications concern and business conglomerate.

SEL has always endeavoured to present a German profile, in keeping not only with its own inclinations but also with the aims of ITT's original corporate constructors. Within the worldwide ITT group Dr Lohr has a reputation as a strong guardian of West German interests.

The U.S. connection notwithstanding, Dr Lohr was elected last year as president of the Electrical Engineering Industry Association (ZVEI)—in effect to act as leading spokesman for the West German electrical industry.

By profession an electrical engineer, Dr Lohr was a senior executive with the telecommunications division of the Bundespost before joining SEL 20 years ago.

After taking over from Herr Dieter Moehring as chief executive in 1976, he has demonstrated a determined approach in bringing problem areas into order and in asserting SEL's role against such major competitors as Siemens in the area of communications equipment.

Dr Lohr backed an ambitious effort which led to development of the System 12 digital switching equipment, for which ITT and SEL have been finding markets worldwide.

With the increasing merger of communications and computer technologies, SEL has moved recently to broaden its knowhow in the computer area. It has taken an initial 49 per cent stake in Computertechnik Mueller (CTM), the data processing company, as well as a strategic 12.7 per cent stake in ADV/Orga, the software house which recently went public.

SEL, which contributes more than half the sales revenue of ITT's 50 subsidiaries in West Germany, will also account for the lion's share of ITT's increased spending on investment and research in the country during the next five years.

ITT's links with the SEL business go back to the pre-war years when Colonel Sosthenes Behn was intent on building up an international group of communications companies, each with a strong local identity. SEL became a major manufacturing unit in the ITT network.

With ITT currently unravelling some of the widely diversified conglomerate elements acquired during Harold Geneen's reign, there has been speculation that even SEL might be loosened somewhat from ITT's control through the sale of some of its holdings to West German interests.

At SEL, Dr Lohr has presided over a steady growth in group sales revenue to about DM 4.5bn a year and has seen profits recover from severe setbacks during the mid- to late-1970s. Its audio-video operations, once in deep trouble, have been profitable for four years in succession.

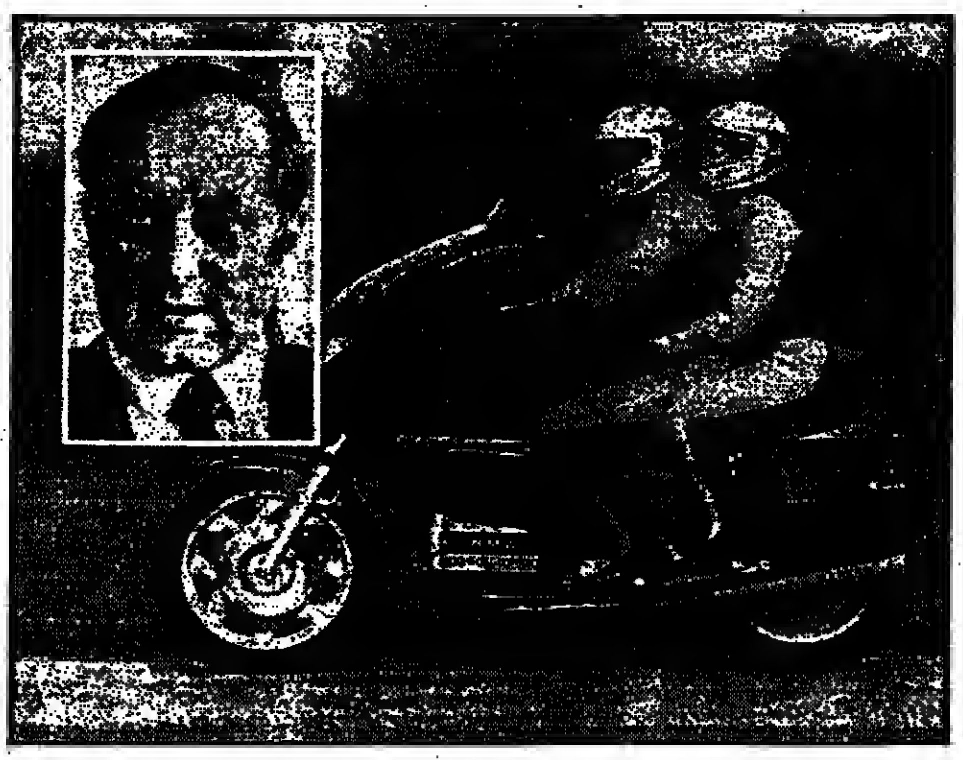
In addition to his standing in government circles in Bonn, Dr Lohr is a key business figure in the state of Baden-Wuerttemberg, with SEL's headquarters in the regional administrative centre of Stuttgart.

SEL is one of the major local industrial concerns nurtured by Herr Lothar Spaeth, the premier, who is keen to promote the development of high technology in his state.

John Davies

PROFILE: EBERHARD VON KUENHEIM

Outspoken motors chief



Eberhard von Kuenheim (inset) and BMW's new K100RT, top of the company's new K series range. Developed at a cost of DM 500m, these new models have lifted the group's fortunes in the two-wheel market

HERR EBERHARD von Kuenheim is a man with style. He manages to display a cultivated air of dash and confidence in carrying out his role as head of BMW, the prestige car and motorcycle maker.

He is also a man who speaks out, controversially—a tendency that keeps him in the news and wins both friends and foes.

Now 56, he has held the top job at the Munich-based concero for 15 years, the longest service of any chief executive in West Germany'o motor vehicle industry.

When be went to BMW in 1970, the company made 161,000 cars. Last year, despite a seven-week shutdown during the metal industry dispnte, BMW turned out nearly 432,000 cars and has set its sights on about 460,000 this year.

Production is due to rise even more once BMW's new plant at Regensburg starts np. Assembly is dne to begin in antumn next year, with steady expansion planned for the ensuing years.

In Herr von Kuenheim's time, BMW has become much more international. In 1970 the company earned just over a third of its sales revenue abroad; now the figure is more than 60 per cent. Like many other West German exporters, BMW has been revelling lately in U.S. sales, but it has also been building np sales in the difficult Japanese market.

Herr von Kuenheim presides over this thrusting domain with a somewhat aloof superiority peppered with flashes of controversial, sometimes extravagant, beadline-making remarks.

His comments during the twists and turns of Germany's exhaust emissions debate were often caustic, raising not only the level bnt also the temperature of discussion. But he stressed early in the debate the need for a European-wide solution to pollution controls.

In labour relations, Herr von Kuenheim has also sought to influence developments with some innovatory thinking which has not always gone down well with others. During the wrangling over demands for shorter working hours, Herr von Kuenheim advocated a model involving a 36-hour week but longer factory operating times, including Saturday work.

Herr von Kuenheim voiced alarm ot the shutdown of much of the motor industry during the dispute over shorter bours, but at the same time nurtured relations with his workforce and its union representatives.

Some of his remarks have conveyed a draconian impression, only to be toned down later. He appeared on occasion to cast doubt about future employment plans ot the new Regensburg plant, but managed to allay the concern of local trade unionists and politicians.

Herr von Kuenheim's polished image tends to distract attention from his technical background. After his schooling was interrupted by war service, he obtained the Abitur — or higher school-leaving certificate — in 1947 and then underwent technical training at Robert Bosch, the electrical and vehicle components company, in Stuttgart.

He went on to study mechanical engineering et the technical university in Stuttgart.

His career later took him into an executive job involving some of the diverse industrial interests of the Quandt family, who had become major shareholders in BMW. This then paved the way for his assignment to the top job at BMW.

Since then, Herr von Kuenheim has set wider goals for BMW, especially ebroad, and has steered the company through the bumpy patches of two oil crises. Lately, the company has felt the impact of an unsettled domestic market, arising from the controversy over tighter exhaust emission controls.

The motorcycle business, long in the doldrums, gained o new lease of life at BMW with the introduction of the company's new K-series models et its revamped plant in West Berlin more than e year ago. Although the overall market for motorcycles declined last year, BMW'o prodnction and sales rose 20 per cent to 34,000.

It says something for the image-consciousness of the company and its chief executive that BMW's round-tower administrative headquarters in Munich also houses art exhibitions.

John Davies

U-turns on pollution controls

Motor vehicles

JOHN DAVIES

HERR FRIEDRICH Zimmermann, West Germany's Interior Minister, must know the feelings of a motorist who has strayed into a complex maze of one-way streets, with a host of back-seat drivers all shouting contradictory edvice.

As the Minister responsible for the environment, Herr Zimmermann embarked boldly on a plan to tighten car emission controls, only to find that the road ahead was far more tortuous and strewn with obstacles than be expected.

Her Zimmermann proclaimed two years ago that be intended to make it compulsory for new cars to be equipped with catalytic converters to reduce exhaust pollution from the beginning of 1986.

The ensuing debate eventually led to a new formulation which the West German motor vehicle industry as a whole regarded as more practical.

The EEC agreement provides scope for development of the lean burn engine as o means of meeting cleaner exhaust requirements.

It has also presented West Germany with the embarrassing problem of cutting some of the tax concessions which it hed laboriously drawn up to offset the extra cost to motorists of buying a car equipped with o catalytic converter.

Herr Zimmerman, a resilient politician, asserts that Boun has played a vanguard role on the issue of pollution. It has, he says, induced car manufacturers and the other EEC countries to take action, even though this will be later than be originally boped.

But the controversy within West Germany long appeared to be dragging on out of all control, with conflicting proposals and varied criticism coming from politicians of all parties, some car industry personalities and some state government leaders, notably Herr Lothar Spaeth of Baden-Wuerttemberg.

In a decision last September, the Cabinet agreed that new cars should observe U.S. emission standards by 1989 (or by 1988 in the case of larger cars) and that motorists would be offered tax incentives to buy the so-called "environment-friendly" cars voluntarily earlier.

The government made clear it considered that catalytic converters were the only practical device to reach the required emission standards.

The whole complex plan was then substantially changed in March in face of the Bonn government'o need to reach a compromise agreement with its European Community partners.

Under the compromise, tighter emission standards—to be based on U.S. standards—are to be introduced in stages over six years starting in October 1988.

Smaller cars will be allowed more time before being required to observe tighter emission controls—a concession to France, Italy and the UK. In addition, new models of cars will have to observe tighter controls before existing models.

There was some talk of West Germany going it alone, but the practical reality was always that if Boun were to continue taking its EEC role seriously it could not avoid a compromise agreement with its partners.

The controversy has olso embraced the issue of wbether there should be speed limits on West German autobahns, a proposal edvocated by environmentalists as another way of reducing exhaust emissions. The government has initially managed to sidestep this issue by organising field trials.

It is hardly surprising that many motorists have reacted to all thla uncertainty by simply postponing plans to buy a new car.

The Automobile Industry Association (VDA) claimed in January that there was a "log-jam" of orders for about 400,000 cars which motorists had postponed. Although the VDA has been accused of exaggeration, new car registrations in the first two months of this year were down 17.3 per cent on a year earlier.

The car makers, concerned at the effect on the market, pressed for some time for clarity on the emission control issue and now that the EEC compromise agreement has been reoched, they are hoping for a substantial recovery in the market.

Last yeer, new car registrations in West Germany declined 1.4 per cent to 2.39m, down from 2.426m in 1983 and well below the record 2.66m in 1978.

Production and sales were disrupted by the labour conflict over shorter working hours, which stopped most motor vehicle assembly for seven weeks in May and June.

With some exceptions, car makers also feit a weakening in the market later in the year, attributed to the uncertainty

Manufacturers lost output of an estimated 427,000 vehicles of ell types—including cars and commercial vehicles — during the seven-week dispute, but made up about o third later in the year.

As a result, car output of 3.75m was down 3.2 per cent on the previoua year and was o sizeable distanre behind the peak output of 3.93m cars in 1979.

Commercial vehicle production, which has been languishing for some years, registered a further decline last year. On the other hand, production of trucks at West German plants abroad showed a recovery, with an uplift in some markets.

With export markets strong, above all the U.S., car makers were anxious to keep up supplies as much as possible and managed to achieve record exports of 2.196m last year, an increase of 0.3 per cent on the previous year.

The booming markel in the U.S.—and the high dollar—gave a otrong lift to the earoiogs of Daimler-Benz, BMW, Porsche and Volkswagen/Audl. On lhe other band, Ford and Opel, as local subsidiaries of U.S. conceros, have been forced to concentrate on the tough baltle for European market shares.

In the hope that the domestic cor market now will move ahead, VW recently announced it would take oo 1,000 extra workers, after having called a helt to recruitment late last year.

VW cut the average working week in its plents from 40 to 38.5 bours from the beginoing of this year under its separate two-year agreement with IG Metall, the metalworkers' union.

Other car companies introduced the concession from April 1 under on agreement lasting at least 18 months. In most cases, bowever, the shorter hours ere being taken in the form of extra days off.

Vehicle production

	1984	Percentage change
Domestic prodnction		
Cars	3,753,720	−3.2
Commercial vehicles*	255,300	−7.8
Production abroad		
Cars	1,117,430	−1.7
Commercial vehicles*	136,125	+13.3
Exporting from West Germany		
Cars	2,196,300	+0.3
Trucks	134,390	−5.4

* Incinding trucks, buses and other commercial vehicles.

Source: VDA.

Recovery and high dollar boost competitiveness

Chemicals

JOHN DAVIES

WEST GERMANY'S chemical companies have been going from strength to strength, boosted by economic recovery and the high U.S. dollar. This year, even though there are still some uncertainties, the chemical industry expects another solid performance.

One of the traditional powerhouses of the German economy, the cbemical industry certainly does not owe its success of the past 2½ years only to favourable market circumstances.

In recent years the industry, with its broad range of products, has in fact undergone deep structural changes which have improved its underlying competitiveness. Companies have repaired or discarded some problem areas and bave set their sights increasingly on specialised, future-oriented lines of business.

Because of these steps, there is a general feeling of confidence about the industry's ability to withstand the present uncertainties and to achieve growth, even if at a moderate pace, in the years ahead.

One of the uncertainties is, of course, the trend of the U.S. dollar. The dollar's sharp rise has helped to boost U.S. earnings of the West German chemical companies in terms of Deutsche Marks, and a pronounced decline in future might take off some of the shine.

The high dollar, however, has not been an unmitigated benefit. The West Germans have found that some of their U.S. production operations have actually been hit.

A case in point is Miles Laboralories, the pbarmaceutical company whicb is part of the large-scale operations built up by Bayer in the U.S. in recent years.

Although Bayer's U.S. subsidiaries overall had a much better year in 1984, Miles found that the higher dollar was hindering its foreign sales, which make un about a third of its business. In addition, Miles faced stronger competition in the U.S. from foreign imports which got a price advantage through the currency exchange rate.

A related uncertainty that has been facing the West German chemical industry is the economic growth rate in its major export markets, notably the U.S.

Like other export-orientated sectors in West Germany, the chemical industry has been one of the beneficiaries of the strong npsurge in the U.S. economy. A slowdown in U.S. economic growth in future could, likewise, have some dampening impact, although other export markets have been picking np strongly.

One of the other uncertainties was personified in the form of Dr Abdulaziz Al-Jarbou, who visited West Germany recently as part of a European tour. Dr Al-Jarbou is an executive of Sandi Basic Industries Corporatiou (Sabic) which, with U.S. partners, has begun prodncing petrochemicals in Sandi Arabia for export.

The West German petrochemical producers have been taking a relatively restrained approach to the threat of competition from Saudi prodnction. The Saudis themselves have beeu keen to give assurances that they have no desire to disrupt markets and pricing.

But European — and West German — companies are likely to feel under increased pressure to cut back their capacity to prodnce certain petrochemicals.

Both Mobil and Esso of the U.S. have long been preparing plans to export o significant share of the Saudi petrochemicals now being produced, while Sabic itself recently reached a distribution deal with Brenntag of West Germany. Brenntag, which is indirectly owned by Veba, the oil and chemical group, has obtained rights to import Sandi products, notably polyethylene, into West Germany.

The West German producers have taken steps in recent years to cut their capacity in some plastics areas in view of uneconomic operations. They bave also been concentrating more on specialised markets and highly developed materials.

BASF, for instance, now asserts that in polyethylene only one-third of its business is in sectors facing possible competition from plants in oil-prodncing countries, whereas five years ago two-thirds of this business could have been affected.

With their traditional strong attachment to free trade, the West Germans are among those less enthusiastic about trying to block or impose major restrictions on the Saudis. But they support European moves to invoke emergency measures if imports should be seen to pose a threat of major disruption.

The European producers earlier this year formed their own separate association, and the members include the major West German petrochemical interests.

There have also been calls for further cutbacks in European capacity. Executives of Hoechst, for instance, have recently pointed out that some momentum bas been lost in efforts to adjust European capacity to the market situation.

Another unsettling factor in the industry is the continuing controvery in West Germany over environmental issues, although the chemical industry bas taken vigorous steps to deflect the often strident claims of its critics.

Prof Heinz-Gerbard Franck, president of the Chemical Industry Association (VCI), pointed ont recently that the industry was spending DM 10m every day, directly and indirectly, on measures to improve environmental protection. This included new investment in measures specifically aimed at redncing pollution, as well as the extra cost of operating plants with improved environmental controls.

Virtually all types of emissions from chemical complexes bave declined, even though production has increased, according to Prof Franck.

With demand for chemical products rising in domestic and export markets, the West German companies last year increased their output by abont 5 per cent, on top of e sharp 7.3 per cent rise in 1983.

In basic chemicals, companies were able to make mnch better use of their installations, which were ebout 85 per cent utilised last year. By contrast, capacity ntilisation in basic chemicals was about 75 per cent in 1981 and even lower in the bleakest months of 1982.

The increased volume of sales, together with more economic use of capacity, has improved the profitability of chemical companies' operations.

Although the industry is higbly capital intensive, it has also begun building np its workforce again to more than 550,000. The parent companies of Bayer, BASF and Hoechst, for instance, oll increased their labour force last year, reversing a decline during the previous two to three years.

A highly encouraging developmenl has been the continuing growth in emphasis on innnovatory, future-oriented operations, including technical ceramics, new forms of high performance plastics materials, and biotechnology. Moves to strengthen these activities are bringing about a marked shift in the quelity of production of the West Germon chemical industry.

In a long-term perspective, China is also figuring in the industry's calculations, although the ontcome is still hard to assess.

Hoechst recently aigned an agreement with the China Petrochemical Corporation (Sinopec) under which study groups will look at the possibilities for co-operation. The areas to be considered inclnde plastics, as well as "surfactants and auxiliories" (a wide product area including disinfectants, emulsifiers and other surface-active substaoces).

The pharmaceutical division of Hoechst bas signed a contract with the Shanghai Institute of Pharmaceutical Industry for joint research into new medical substances for beart and blood circulation treatment.

The contract, initially for 10 years, envisages research into substances that could be produced artificially or obtained, as in traditional Chinese medicine, from plant extracts.

Manufacturers have been looking for new business areas to compensate for declining aircraft orders.

Cartel authority blocks Bavarian connection

Aerospace

PETER BRUCE

THE WEST GERMAN aerospace industry has spent the better part of the past 12 months with its feet planted very firmly on the ground.

The two flag carriers of the industry, Messerschmitt-Bölkow-Blohm (MBB) and its small but lively competitor, Dornier, have been variously the subject of financing deals, the predators in takeovers and in Dornier's case the focus of an unsightly family power struggle that is slowly working its way through the courts.

To be sure, both are still involved in the business of making things that fly, but with new aerospace business scarce (despite breakthroughs on new space projects and growing hopes that the so-called European Fighter Aircraft (EFA) will soon be fixed firmly to the drawing board) MBB in particular has been consolidating and trying to buy its way into new markets.

This expansive mood surfaced most spectacularly last summer, when MBB let it be known it was trying to buy the country's most famous tank maker, Krauss Maffei, from the contraversial Flick industrial empire, after it had been rumoured that Britain's private sector tank builder, Vickers, was also interested.

It is still difficult today to say for sure whether MBB was acting on its own initiative then or not. The group for many years has been closely identified with the Bavarian Government (it is based in Munich) and in particular with Herr Franz Josef Strauss, the Bavarian leader, who makes no excuses for wanting to secure for his state as much high technology manufacturing as possible.

The other thing to remember about MBB is that like many other European aerospace concerns, its business is inextricably linked with central Government defence and transport policies and, hence, linked to Federal and state development handouts.

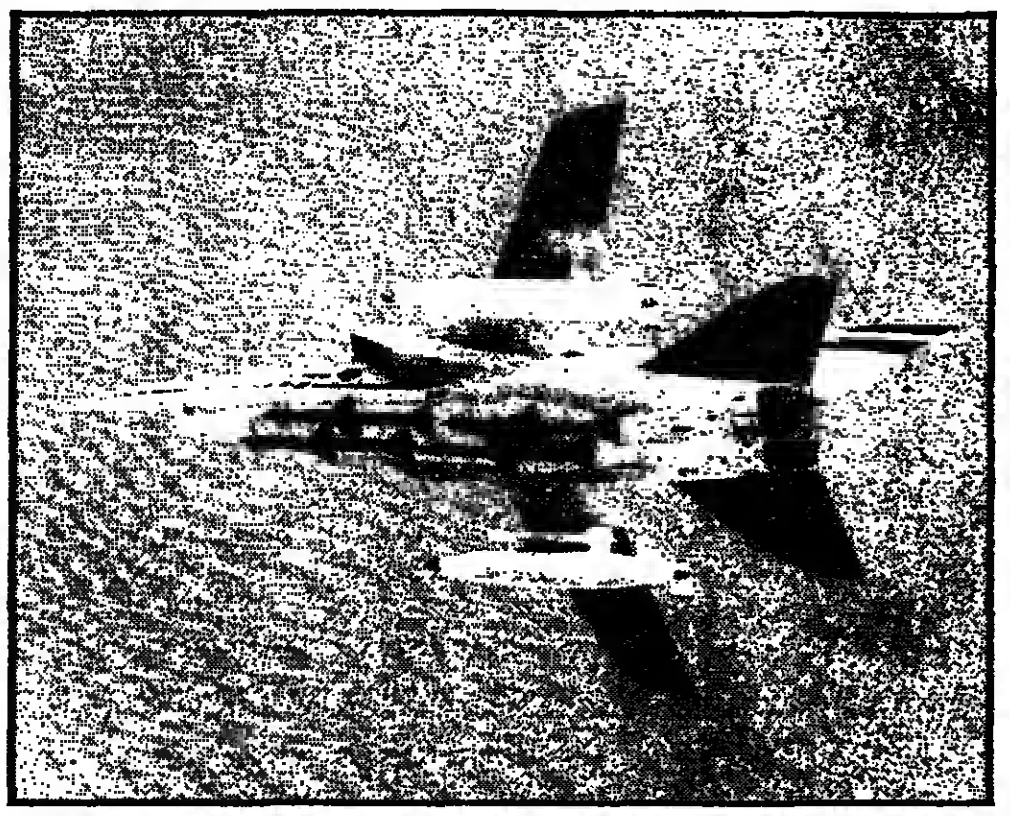
Nevertheless, the traditionally independent German cartel authorities in Berlin surprised the Bavarians by dismissing the takeover as dangerous and monopolistic. MBB tried to arrange the purchase of a large minority holding, but that too failed in Berlin.

Management at Krauss Maffei, builders of the legendary Leopard 1 and 2 main battle tanks, have never shown much enthusiasm at the prospect of being swallowed up by MBB (whose turnover of roughly DM 6bn completely dwarfs Maffei's DM 2bn) but the Flick group, which has said not a word publicly about the takeover battle since it began, seems to want to sell.

Consortium

Towards the end of the year, Herr Strauss began to take a closer interest in MBB's efforts. On January 10 this year, two banks, the Dresdner and the Bayerische Vereinsbank announced that they were taking a combined 10 per cent stake in MBB, a move thought to have cost them some DM 60m each. The next day MBB said it had joined a five-part consortium to buy Maffei.

The consortium, offering about DM 170m for the tank builder, comprised both the banks, with a combined 20.9 per cent stake, Raketen Technik, an MBB joint venture with another Bavarian arms producer, Diehl, would have 24.9 per cent, the Bavarian state aid agency, which administers the state's stake in MBB itself, would take 24.45 per cent; a Bavarian industrialist, Burkhardt Grob, would take 24.95 per cent with 1.5 per cent going to a Munich lawyer.



Tornado multi-role combat aircraft armed with air-to-air missiles. The Tornado, built by MBB in collaboration with British Aerospace and Aeritalia of Italy, is West Germany's major military aircraft programme

Thus, it was argued, MBB would have a direct stake of only 12.47 per cent and in no way could control Maffei.

The cartel authorities didn't believe a word of it. All lines of power led back to MBB they said, which would still mean the creation of a huge arms consortium controlled by MBB and, though the fear was never spoken out loud, by Herr Strauss.

The Bavarian Government itself has a 7 per cent stake in MBB and its aid agency, now part of the consortium, has 6 per cent of MBB.

Bavaria's Finance Minister is chairman of the MBB supervisory board and apparently a close friend of Herr Grob; and not only were the Dresdner Bank and the Bayerische Vereinsbank MBB's "house-banks," but Herr Strauss himself sits on the Vereinsbank board.

Herr Grob pulled out of the consortium, without saying why, just over a month later, leaving the other partners with a 24.95 per cent hole to fill. It is just possible this may now be offered abroad, preferably to interests unlikely to be too pushy in management but independent enough to convince the cartel authorities that the consortium is for real. Vickers may be approached, and so might other companies in the U.S.

But while the Krauss Maffei battle has dragged out much longer than MBB management would have hoped, and must have proved a considerable drain on management time, the group looking for expansion opportunities elsewhere. It is quite possible that bids will be despatched from Munich later this year in an effort to buy either one or both of Canada's main aerospace groups, Canadair and De Havilland.

In Baden-Württemberg, Bavaria's neighbour and an eager competitor in almost every race to secure new high technology industries, life at Dornier (1983 turnover DM 1.23bn) is proving every bit as complicated.

Law suits

The company, based in Friederichshafen on the Bodensee (Lake Constance) has been riven with family squabbles ever since the founder, Claude Dornier, died in 1969, leaving roughly equal shares in the company to his six sons and a larger, non-voting share to his widow.

The sons (one has since died and his shares are now wielded by his widow) divided into factions and quarrelled throughout the 1970s, resulting in the sudden departure from the group of the chairman and eldest, Claudius, in the early 1980s. Command was then assumed by Justus Dornier, leader of the younger faction.

Justus has fired two managing directors in the past nine months and is refusing to buy Claudius's proffered stake in the company despite the fact that this would give him unbridled control. Part of Dornier's current difficulty is that Claude's ageing widow died last year and there is now a major dispute about how her 28 per cent stake in the company is to be shared out.

Some 20 law suits are being fought out between Dornier family members in German courts and the fear in Baden-Württemberg's capital, Stuttgart, is that should Justus finally take complete control of the company he would gradually move production to Bavaria, if only to break with the past, and where some of Dornier's new, non-aerospace businesses have already been established.

In much the same way that fears of losing Krauss Maffei resulted in a Bavarian solution being found in Munich, so a Stuttgart suitor seems now to have been found for Dornier.

Daimler Benz (Mercedes) is known to be negotiating, with just how much success it is impossible to tell, to buy Dornier (and keep it in Baden-Württemberg). Justus Dornier has said he would not consider selling but the Baden-Württemberg leader, Herr Lothar Spaeth, is understood to be exercising considerable muscle to ensure that he does.

Mood brightens after worst is passed

Shipbuilding

RUPERT CORNWELL

WHEN THE German Shipbuilders' Federation celebrated its 100th anniversary in January, it was an understandably measured occasion, since the days when German yards turned out 20 per cent of the world's ships are gone for ever.

The mood nevertheless was more upbeat than it might have been a year or two earlier, for the signs are that West Germany's shipbuilders have put behind them the worst of the most recent crisis to wreck the industry world wide.

In retrospect, 1983 may have marked the trough. In that year the country's share of world shipbuilding, as measured by new orders, sank to 3.7 per cent. It was the year of considerable social unrest, as some of the largest yards in the northern coastal ports pushed through harsh rationalisation measures to adjust to unpleasant realities.

Bremen and Hamburg saw mass demonstrations and sit-ins as the AG Weser yard in Bremen shut down, and Howaldtswerke-Deutsche Werft (HDW), the country's biggest shipping concern, halted all new construction at its Hamburg yard, now used only for repairs and refits.

Since 1982, total employment in the industry has fallen from 54,000 to 45,000, while in the last two years total potential work capacity at the Federation's 104 affiliated shipbuilders dropped back to 20m hours from 29m. But the painful surgery seems to have worked, in the short term at least.

In 1984, West German yards won orders for 686,000 dwt gross of new vessels, worth DM 3.2bn and equivalent to 5.7 per cent of the total market last year. True Japan (with 51.5 per cent) and South Korea (with 10.9 per cent) dominate matters as usual.

But Germany has improved its third place in the world league, well ahead of its EEC rivals like Denmark, Holland and the UK, and European competitors outside the Community including Sweden and Finland.

A smaller part of the explanation lies in the pick-up in world trade last year, for the first time since 1979, and the relative weakness of the D-mark in international currency markets.

But few would deny that the main reasons for the improvement are closer to home.

The rationalisation has allowed yards to show substantial increases in productivity. These in turn have helped offset West German labour costs, among the highest in the world. A lavish social security system means that shipbuilders, like other employers, have to pay DM 0.80 in welfare contributions on top of every DM 1 in a worker's pay packet.

What is more, in an industry arguably more distorted than any by state subsidies to national concerns, West Germany's shipbuilders benefit less than most.

Precise figures in so sensitive and complex an area are hard to come by. But in 1982 the EEC Commission reckoned that German yards received direct subsidies from Bonn equivalent to only 6 per cent of the completed value of a vessel.

That figure may have declined further to around 4 per cent, compared with help worth up to 20 per cent in competitor nations like Britain and Italy. In addition, German shipowners are eligible for investment grants of up to 12.5 per cent provided they buy domestically and keep the new ship under the German flag for at least eight years.

In 1984, a total of DM 250m of such funds was available, implying incentives for new orders worth DM 2bn in a full year. But even so, West Germany is hard pressed to keep abreast of the help given elsewhere. Meanwhile, all efforts to promote genuine agreement on international subsidy cuts with the OECD and elsewhere have come to nothing.

Shipbuilding indeed offers a perfect case study of Bonn's ambiguous attitude to subsidies in general. In principle they must go, but in practice they do not.

The attitude is understandable and reflected in the comment of a senior executive at HDW: "Yes, I think everyone should get rid of them, but as matters stand we have no choice. We have to have help."

But if subsidies will continue for the foreseeable future, so also will rationalisation and a profound change in the type of vessel being produced.

"Every country has to have a shipbuilding industry, and there's no doubt we'll survive," says Herr Rolf Stoffers, sales director at HDW. "But there will be more restructuring—the process hasn't ended yet."

Its shape is not clear, but one option to be ruled out is that of nationalisation in larger groupings, along British lines. One argument is that HDW itself, directly and indirectly 100 per cent state-owned, lost nearly DM 96m in 1984, despite a management springclean.

Another is that, as Dr Michael Budczies, managing director of Blohm & Voss of Hamburg, the second largest German yard, points out, competition between a multitude of smaller yards is vital to preserve vigour and flexibility in the industry.

Rather, the future lies in specialisation, in ships that will be smaller, but incorporating state-of-the-art technology. These already range from container ships to roll-on/roll-off cargo vessels, from gas tankers to highly sophisticated ferry and passenger ships and research vessels.

In the second half of 1985, for example, HDW is due to deliver to Norasia Lines the first two of its Schiff der Zukunft, or "Ship of the Future," a cargo carrier format embodying ultra-modern control and communications equipment and designed to make substantial savings in fuel consumption.

Another area which will see rapid development, in all probability, is the construction of military vessels, including submarines, both for the modernisation of the West German navy and for export.

But the production of ever more automated vessels, offering savings in both crew and fuel costs, will not be enough alone. At that dinner in Hamburg, Herr Martin Bangemann, the Bonn Economics Minister, promised that the Federal Government would continue its assistance—totalling DM 652.8m for deliveries between 1984 and 1986 alone in the form of interest subsidies.

EEC subsidies anger producers

Steel

PETER BRUCE

SOON AFTER Herr Martin Bangemann took over last year from his Free Democrat colleague, Count Otto Lambsdorff, as the West German Economics Minister, the country's steelmakers began to make fairly public noises about him being, finally, the right sort of man for the job—or at least for the steel industry.

Then, towards the end of March, Herr Bangemann went to Brussels and along with his British and Dutch counterparts agreed to a final payment of some DM9bn ($2.85bn) to the struggling, state-owned, steelmakers in Italy, France, Belgium and Luxembourg.

The German producers, mostly privately owned, were horrified and demanded reparations from Bonn, arguing that the extension of subsidies further damaged the free market they so devoutly wish (or claim they want) for Europe.

Herr Bangemann now says that he and the steel industry bosses had agreed that the payments agreed to in March could be made only on condition that all Community subsidies to steel would end on the long-agreed deadline of December 31 this year, and that any funds awarded this year would have to be accompanied by capacity cuts.

If Herr Bangemann's more recent pronouncements and actions have unsettled West German producers, it does not show, however. On the surface, that is.

But as the Community deadline for the ending of steel subsidies nears, and as the Italians look less like meeting it, there are strong grounds for believing that the German steelmakers, despite a revival in profitability, are extremely anxious about the next two or three years.

Thyssen, the biggest of them all, is a good case in point. The group's steel business produced a spectacular turnaround last year, moving from a theoretical loss (based on real second half figures and on its own estimates of the previous six months, before Thyssen Stahl was hived off as a separate entity) of DM 416m in 1983 to a profit of DM 176m last year—an improvement of DM 592m!

Nevertheless, a DM 176m profit for Europe's biggest private sector producer in what could well turn out to have been a peak in the current steel market cycle (or at least close to one), is not much to get excited about.

Even worse for Thyssen, much of its riches in 1984 resulted from the sale of semi-finished products to U.S. producers and this market is now under severe threat by the protectionist lobby in Washington.

A protectionist success would affect most German producers, whose deliveries of slab and other unfinished steels to the U.S. rose from 10,000 tonnes a month in 1983 to 40,000 tonnes a month last year. Thyssen's own deliveries to the U.S. trebled in 1983-84 to 851,000 tonnes.

Krupp also made money last year after ending 1983 with a DM 344m loss, but with debts of around DM 2bn, the business must still be in a precarious position.

Krupp's chosen merger partner, Kloeckner, looks equally shaky, despite claiming to have broken even last year. In fact, this was achieved only by selling off group assets to unconsolidated subsidiaries. A fair estimate is that Kloeckner made an operating loss of DM 148m in steel last year.

Salzgitter, state-owned, say they had a "much better" time of it in 1984, though they still managed to lose DM 144m in steel. And there is no reason to expect that Arbed Saarstahl, whose long products (wire, rod, bars) have to compete with the fiercely efficient mini mills in northern Italy, can begin to make money, in its present form, in this decade without being rescued by Bonn.

The Government is, in fact, thinking about helping Arbed service its crippling DM 2bn debt.

Only Hoesch, of the big producers, looks anything like a company firmly in control of its fortunes. Hoesch has been at least modestly profitable for the past three years and claims to have traded in the black last year.

Given that German steel profits in a strong year have been modest, that an end to steel subsidies may take longer than hoped and, finally, that the Germany have been unable to achieve the steel prices rises they say they want, their medium-term future seems to be as uncertain as ever.